FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,598 Wednesday October 14 1981

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 1000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 75; SWEDEN Kr 6.00; SWITZERLAND

NEWS SUMMARY

GENERAL

Second victim dies from IRA bomb

A second victim of Saturday's IRA bombing near Chelsea barracks, Mr John Breslin, 18, died yesterday of head injuries.

The news came as Tory opposition members on the Greater London Council launched a bid to officially condemn Labour leader Mr Ken Livingstone over his controversial remarks on the IRA.

Opposition leader Sir Horace Cutler and 24 other Conservative members have called a special council meeting for next week and have drawn up a censure motion to put before it. Prior suggestion. Page 10; Editorial Comment, Page 24

Anthrax traces

Traces of anthrax have been found in a package of soil dumped at Porton Down biological research centre, Wiltshire. The Defence Ministry said the small number of organisms meant the risk of human infection was low.

UK Mideast move

Lord Carrington, UK Foreign Secretary and president of the EEC Council of Ministers will visit Saudi Arabia to work with moderate Arab states on a Middle East peace settlement. Back Page.

U.S. on Egypt

The U.S. plans to upgrade military exercises in Egypt to demonstrate its ability to come the aid of its allies in North Africa and the Middle East. Back Page.

Cairo violence

Two bombs exploded at Cairo Airport injuring three as Egyptians went to the polls to formally affirm vice president Husni Mubarak as president. Page 6

Peru emergency

Peru declared a state of emergency in Ayacucho in the southern Andes and suspended individual rights for 60 days after an attack on a local police station. Page 4

Strikes in Poland

Fresh strikes spread across Poland as workers ignored an appeal by Solidarity leaders to halt protest action pending talks with the government. Pravda attack, Page 2

Rail stoppage

The train drivers union Aslef, reaffirmed its decision to strike after British Rail refused to withdraw service cuts. Waterloo station services will be disrupted again by unofficial action over train cuts. Back Page

Writs issued

Libel writs have been issued against seven defendants, including Tory MP Mr Nicholas Winterton, on behalf of Mr John de Lorean and the two companies he heads. Page 7

Truman rise

Truman's beers are going up by 2p a pint wholesale from October 26. This will mean a 4p to 6p rise in pub prices.

Astles pleads

Bob Astles, British-born aide of ousted Ugandan dictator Idi Amin, pleaded not guilty at the start of his murder trial at Kampala's High Court.

Briefly ...

West German Chancellor Helmut Schmidt had a heart pacemaker implanted.

London Zoo's panda Ching Ching is not pregnant, officials confirmed.

World Chess Champion titleholder Anatoly Karpov retained 3-0 lead over challenger Viktor Korchnoi after a fifth game draw.

BUSINESS

Lead falls sharply; Equities off 6.4

● LEAD and zinc prices fell sharply in London on hopes of an end to the 17-week strike at Irish producer Tara Mines and pessimism about demand prospects in the coming months. Cash lead fell by £19.5 to £384 a tonne. Page 39

● EQUITIES: the FT 30-share index closed 6.4 down at 484.6. Page 40

● GILTS: the Government Securities Index rose 0.38 to 61.97. Page 40

● WALL STREET was 0.28 down at 869.2 near the close. Page 32

● DOLLAR improved in London to DM 2.221 (DM 2.188), FFr 5.57 (FFr 54.725), SwFr 1.8625 (SwFr 1.8325) and Y228.6 (Y227.5). Its trade-weighted index rose to 107.1 (106.2). Page 28

● STERLING lost 1.45 cents on the day to close in London at $1.8575 and eased to Y424.5 (Y426). It strengthened to DM 4.1275 (DM 4.095), FFr 10.345 (FFr 10.24) and SwFr 3.46 (SwFr 3.43). Its trade-weighted index fell to 88.2 (88.5). Page 28

● GOLD fell $5.25 to $443.25 in London. In New York the Comex October close was $448. Page 28

● FT BUSINESS Information launched a computer-based currency and share index information service. Page 9

● CONSUMER PRICES in the 24 leading non-communist industrialised countries rose 0.6 per cent in August says the OECD—an inflation rate of 10.6 per cent in the last year.

● EUROPEAN Monetary System might face "fundamental strains" if sterling joined says French Professor Jacques Melitz. Page 9

● EUROPEAN STEEL makers will ask EEC Commission to represent them in discussions with the U.S. over threatened anti-dumping action. Page 6.

● INDUSTRIAL OUTPUT has stabilised after recovering in the summer from a May low. Back Page

● JOHN BROWN Engineering of Clydebank announced a further £43m contract to supply spares and equipment for the 21 gas turbines it is building for the natural gas pipeline linking Siberia and Western Europe. Back Page

COMPANIES

● BELGIUM'S largest corporation, Societe Generale de Belgique, has negotiated a major reorganisation of its mining and non-ferrous metals interests. Mining, Page 27

● ONTARIO Government will pay C$650m (£292m) for 25 per cent of Suncor, the U.S. Sun Company subsidiary which operates the Athabasca tar sands oil extraction project.

● IBM reported a much larger than expected 21 per cent slump in third quarter earnings. Page 29

● UNIGATE is buying Casa Bonita, a U.S. fast food chain for $32.5m (£17.4m). Page 28, Lex, Back Page

● HUNTLEY AND PALMER Foods increased taxable profits to £2.05m (£1.25m) for the first 36 weeks of 1981. Page 26, Lex Back Page

● SENIOR ENGINEERING reported lower pre-tax profits of £1.63m (£3.45m) for the first half of 1981. Page 27, Lex Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		GKN	152 − 6
Fitzwilton	40 + 3	Hambro Life	317 − 11
Glasgow Pavilion	42 + 8	Hawker Siddeley	280 − 8
Hiltons Footwear	142 + 8	*Hill Samuel*	134 − 12
Sutcliffe Speakman	44 + 4	NatWest Bank	370 − 8
Raybeck	48 + 4	Reed Intl.	240 − 10
Atlantic Res.	275 + 35	Rosehaugh	250 − 25
Hunting Petroleum	206 + 10	Standard Telephones	422 − 23
Kuala Lumpur Kp.	44 + 4	Tarmac	346 − 12
Oil Co. of Australia	24 + 3	Thorn EMI	433 − 7
Petrlm. Secs. Aust.	365 + 65	Tube Inves.	102 − 4
Vamgas	700 + 25	Unilever	570 − 13
FALLS		Bougainville	81 − 5
Excheq. 12¼pc 1990	£84½ − ½	De Beers Dfd.	357 − 11
Cater Ryder	295 − 10	Leichhardt Expln.	16 − 6
Dobson Park	79 − 6	MIM Hldgs.	237 − 8
Farmer (S. W.)	150 − 5	Poseidon	227 − 8
Finlan (J.)	160 − 10	*President Brand*	£23½ − 1¼
Glaxo	398 − 8	Western Mining	291 − 7

BARCLAYS AND LLOYDS LEAD REDUCTION TO 15½%

Two banks cut base rates

BY WILLIAM HALL AND DAVID MARSH

BARCLAYS BANK and Lloyds Bank yesterday cut their base rates by half a percentage point to 15½ per cent. The move comes less than two weeks after the High Street banks raised their rates to the second highest level ever.

The reduction is expected to hearten the Government as the Conservative Party conference gets under way in Blackpool and will bring relief to industry which has seen the cost of overdrafts rise by a third (4 percentage points) since mid-September.

However, doubts are growing about how far any fall can go following yesterday's further weakness of sterling, which closed in London down 1.45 cents at $1.8575. In spite of declines in interest rates in the U.S. and West Germany, UK money market rates — a key determinant of base rates—rose slightly yesterday.

Banks are likely to continue to move their base rates much more often than in the past following suspension of Minimum Lending Rate as part of changes in the system of monetary control introduced in August by the Bank of England. This is meant to place more onus on the banks to alter their rates in line with shifting market conditions.

Barclays Bank, which had earlier led the way in raising its base rates to 16 per cent, was the first major UK bank to announce a cut in its base rate, late yesterday afternoon. Shortly afterwards Lloyds Bank followed.

The other high street banks are expected to follow their lead.

Mr Roy Vine, Barclays Bank's senior general manager, said yesterday that the "slight easing in market rates now enables us to pass on the benefit to our customers at the earliest possible moment."

Barclays decision to cut its base rate was slightly surprising given the small rise of around ¼ of 1 percentage point in three month interbank rates yesterday. However, the banks—which have been criticised by the Government for making large profits during the last two years of high interest rates—are not keen to antagonise the authorities by delaying cuts any longer than necessary.

At the end of last week there had been speculation that the banks might be contemplating an even larger cut in their base rates since short term money market rates had fallen by a full 1 percentage piont compared with their highs at the beginning of the month.

The room for further cuts in base rates will be limited if sterling's decline continues against a genuine stronger dollar. The pound's fall yesterday took its decline since Friday to nearly 4½ U.S. cents.

Since the banks raised their base rates to 16 per cent on October 1, three month interbank rate—a good guide to base rates—has fallen by 1¼ per cent to 15¼. But seven day money market rates have remained virtually unchanged at just under 16 per cent.

Barclays Bank cut its deposit rate by one-half of one percentage point to 14 per cent

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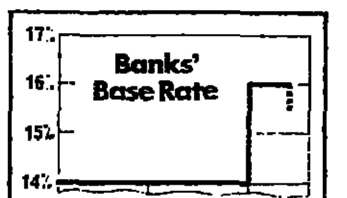

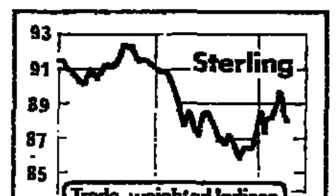

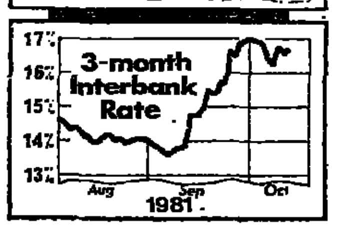

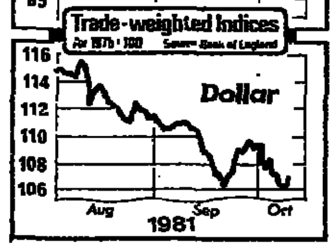

Dollar gains ground on D-Mark, Franc and Yen

BY DAVID MARSH

THE DOLLAR gained ground generally yesterday, shrugging off the cuts in U.S. banks' prime rates. It closed 3.3 pfennigs higher in London at DM 2.2210 and also climbed against the French and Swiss francs and the Japanese yen.

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Why Woolwich has opted for 15 per cent, Page 8
Money markets, Page 28

A key factor behind the strengthening was the prediction on Monday by Dr Henry Kaufman, the economist at Salomon Brothers, that U.S. interest rates would rise again to record levels over the next six months following their recent declines.

The dollar's trade-weighted index, calculated by the Bank of England, rose to 107.1 from 106.2. The U.S. currency closed at FFr 5.57 (FFr 5.4725), SwFr 1.8625 (SwFr 1.8325) and Y228.60 (Y227.50).

At one point yesterday sterling fell below $1.85 but strengthened following Bank of England intervention. Although it was stronger against the Continental currencies yesterday its trade-weighted index ell by 0.3 points to 88.2.

French attack UK demand for EEC reform

BY DAVID HOUSEGO IN PARIS

THE FRENCH GOVERNMENT yesterday launched its proposals for further development of the European Community, and launched into a sharp attack on Britain's demands for reform of the EEC.

M Andre Chandernagor, Minister for European Affairs, said France was ready for modification to the agriculturaly policy. But, of the Community budget, where Britain is seeking to reduce its "unacceptable" net contribution, he said that France did not believe that the right method of solving the problem was on the basis of a "fair return." "The moment one plays only at fair returns, there is no Community possible," he said.

The French memorandum envisages no institutional changes nor any immediate increase in budgetary contributions above the present ceiling of 1 per cent of VAT.

Among specific recommendations are:

● increased borrowing by the Community for approved investment projects,

● the evolution of the EMS beyond its existing scope,

● the definition of a full Community commercial and external economic policy,

● greater use of the EEC's social fund to create jobs through such measures as help for small businesses or shortening the working week,

● more consultation between unions and employers' organisations,

● reform of the Common Agricultural Policy towards a system of guaranteed prices that would discourage higher volumes of production by large producers,

● a strengthening of the community preference scheme for agricultural products,

● enhanced co-operation over energy research and development.

The Minister described the bitterly fought reduction in Britain's budget contribution in May 1980, to which President Giscard d'Estaing had conceded, as being "ill-judged." He added "Great Britain has had a certain number of benefits from it which go beyond the objectives agreed at the time."

France was not against correcting execessive imbalances, he declared. But any settlement could only come at the conclusion of parallel discussions on joint Community policies besides agriculture, the reform of the agricultural policy and the impact of these measures on the budget.

U.S. and W. German loan costs lowered

BY DAVID LASCELLES IN NEW YORK AND STEWART FLEMING IN FRANKFURT

LEADING U.S. and West German banks cut their interest rates on customer loans yesterday, extending this month's general decline in rates in world money markets.

United States banks generally cut their prime rates by one percentage point to 18 per cent. One small bank, United Missouri, lowered its prime to 17¾ per cent.

In West Germany, the cost of short-term bank credit to good quality customers was also cut by about ½ point to 14½ per cent.

The U.S. prime rate cut, the third decline in 10 days, came as U.S. interest rates continued to ease in the credit markets.

The move was led by Continental Illinois, the large Chicago bank which cut its rate a full percentage point from 19 per cent, leapfrogging the half point cut to 18½ per cent made by Chase Manhattan last week, and followed on Monday by Crocker National.

Other major banks—including Citibank, Bank of America, Morgan Guaranty, Manufacturers Hanover, and Bankers Trust—quickly followed Continental Illinois to bring their rates to best corporate borrowers to 18 per cent.

The speed of the prime's fall is an indication of the banks' growing confidence that the recent drop in U.S. interest rates in the markets is part of a sustained downward movement. Earlier, the banks were reluctant to move too quickly for fear that interest rates would bounce up again, as they have done so frequently in the past.

Mr Roger Anderson, the chairman of Continental Illinois, said: "It appears that the lower levels of short term rates will continue long enough" to allow the full one percentage point cut.

With bank funding costs sharply below their late summer levels, some bankers say the prime could be cut further before long.

The reductions by leading West German banks amounted to their first cautious steps to reduce the cost of loans to their customers from the peaks reached earlier this year.

The most sweeping changes were announced by Deutsche Bank, the largest of the commercial banks, which led the cuts. Its decisions evidently influenced leading competitors. As the most profitable of the big commercial banks, Deutsche is well placed to try to secure a competitive advantage from its lower rates.

The bank announced that it was cutting its lending charges to commercial customers by one half a percentage point, and lowering charges to private customers for personal loans from 16½ per cent to 16 per

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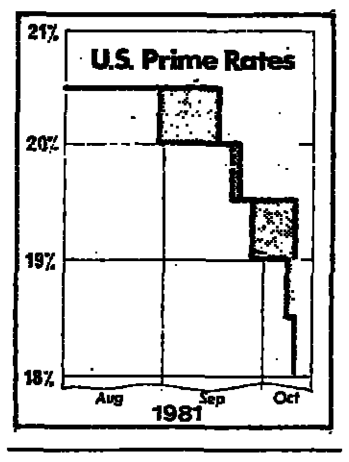

£ in New York

—	Oct. 9	Previous
Spot	$1.9030-9060	$1.9030-9050
1 month	0.07 dis-par	0.10 dis-flat
3 month	0.15-0.25 pm	0.20-0.30pm
12 months	0.80-1.00 pm	0.95-1.15pm

Tarmac offer values Hoveringham at £40m

BY WILLIAM COCHRANE

THE SEARCH by Hoveringham Gravels, the only significant independent aggregates company in the UK, for a buyer ended yesterday with a shut-out bid by the Tarmac civil engineering and construction group. It bought a controlling stake from the founding Needler family and announced an offer for the rest of the shares valuing the company at £40.1m.

The Needler family instructed merchant bankers Hill Samuel to seek offers for the company in mid-August. Dealings in Hoveringham shares were suspended then with the ordinary shares standing at 89p and the restricted voting shares at 77p.

Tarmac yesterday paid 226p a share for 9.28m Hoveringham ordinary shares from the controlling shareholders, representing 86.40 per cent of that class and 75.12 per cent of the votes of the combined ordinary and restricted voters.

Tarmac's advisers will offer the same 226p a share for the remaining Hoveringham ordinary and 196p each for the restricted shares. Mr Graeme Odgers, Tarmac group finance director, said the premium for the higher voting rights was a matter of agreement between both parties, their advisers and the City Takeover Panel.

Mr John Leek of Hill Samuel the Hoveringham board and its advisers would recommend acceptance of the offers.

The Tarmac bid follows intense activity since Hoveringham announced its search for a buyer. Redland, Ready Mixed Concrete, Blue Circle, Tilling, ARC (part of Consolidated Goldfields) and Pioneer Concrete are among companies believed to have been potential candidates.

Mr Leek said the Needler family eventually took the highest bash bid offered.

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Stevas tells Tories to cut jobless or 'face disaster'

BY RICHARD EVANS, LOBBY EDITOR

THE campaign at the Conservative Party's annual conference to change the direction of the Government's economic strategy was launched in Blackpool yesterday with a warning that electoral disaster faced the Tories unless policies were introduced to cut unemployment dramatically.

Mr Norman St. John Stevas, sacked from the Cabinet by Mrs Margaret Thatcher in January, told a conference fringe meeting that the Government could still save the situation "although time is beginning to run out."

The next 12 months were crucial if the party was to pull through.

His warnings were seen as a curtain raiser to speeches today from Mr Edward Heath, the former leader and Sir Ian Gilmour, another ministers dismissed by Mrs Thatcher for outspoken opposition to Government economic policies. Both will insist there is a viable alternative.

The conference, which opened yesterday, seems certain to be dominated by party dissension over economic policy, but there were further signs that by the end of the week the Government's critics will be isolated by the need for unity and by the weight of calls for loyalty to the leadership.

Lord Hailsham, Lord Chancellor, said Mr James Prior, Northern Ireland Secretary, two ministers on the liberal wing of the party, argued outside the conference that the Government was not nearly as doctrinaire as its critics suggested, and in reality adopted many pragmatic policies.

Another danger signal for the party's "wets" came during the debate on law and order when the tone was distinctly hawkish. An anodyne resolution was flung out in exasperation at the continuing refusal of the leadership to heed rank and file demands for the restoration of capital and corporal punishment.

The need for unity was underlined by Mr Cecil Parkinson, newly-appointed Tory Party chairman, who said despondency and despair were totally misplaced, and the Government's policies were closer to bearing fruit than many imagined.

"When that time comes I promise you the doubters will regain their faith, the deserters will come back to us for refuge. That is why, if we hold steadfast now and we gear our-

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EUROPEAN NEWS

Russians denounce Solidarity plotters

MOSCOW—The Soviet Union has accused Poland's Solidarity union of plotting to smash the Communist community, starting with Poland.

An article in yesterday's Communist Party newspaper, Pravda, entitled "Solidarity's grab for power," said events in Poland directly affected all Communist states.

The article, quoted by the official news agency, Tass, denounced the programme adopted by the union at its Gdansk congress as seeking the destruction of the entire Communist system in Poland.

Referring to calls at the congress for Poland's withdrawal from the Warsaw Pact and Comecon, the article said anti-Socialist forces were using Solidarity as a stepping stone to capture state power.

"The situation in which a trade union is being turned into a tool for undermining the state system would not be tolerated anywhere." Pravda said. "The enemies of socialism operating in Solidarity have disclosed the ultimate scheme of the imperialist circles, namely, the shattering of the Socialist community, beginning with Poland."

Pravda said the preservation of "the revolutionary gains of the Polish people" was not only a domestic question for the Poles. It was a question directly affecting the vital interests of all the peoples and states which had chosen the road of Socialism.
Reuter

Turkey's generals debate assembly

BY METIN MUNIR IN ANKARA

TURKEY'S top generals met in Ankara yesterday to prepare for the first steps towards the restoration of civilian rule.

A gathering of 19 four-star generals and admirals presided over by General Kenan Evren, the Head of State, and including the five-member National Security Council, which seized power 13 months ago, was understood to be debating the appointment of a 160-man civilian Consultative Assembly.

The assembly, which is scheduled to convene in 10 days, will help the National Security Council draft a new constitution. It will also act as a sort of parliament, debating the budget and making basic laws, but final say will continue to rest with the National Security Council.

A brief statement from the Turkish general staff headquarters said that the meeting was occasioned by "the beginning of the 1981-82 school season." The agenda was, however, understood to be devoted to more serious matters.

The convening of the assembly is considered by Turkish analysts to be the first concrete step towards the restoration of civilian rule, generally expected to take place in 1983. The membership of the Consultative Assembly is expected to be announced today.

The generals were also expected to agree on changes in ex-Admiral Bulend Ulusu's 27-member Cabinet and on cutting down the number of ministries.

They are reported to believe that some ministers are superfluous and some Cabinet Ministers incapable. The changes are therefore going to be made for efficiency and are not likely to lead to any change in government policy. The Cabinet changes are expected to be announced later this month.

It is known that Mr Turgut Ozal, Deputy Prime Minister and Economic Planner, will keep his post.

Executive and legislative power has rested with Gen Evren and the National Security Council since the coup of September last year.

The council works on a basis of consensus but on important matters such as those debated yesterday senior generals are summoned to Ankara to take part in decision-making.

Gen Kenan Evren: power in his hands

Eyskens cancels Cabinet meetings in school row

BRUSSELS—Belgium's caretaker-prime minister, Mr Mark Eyskens has cancelled all Cabinet meetings for the time being over the decision by his French-language Education Minister to close a small Flemish school in Wallonia, Belgium's French-speaking area.

A spokesman for Mr Eyskens yesterday dismissed fears the "temporary suspension" of ministerial meetings would paralyse the nation. "If there are any urgent matters such as the payment of public service salaries, the Cabinet will meet," he said.

The Government fell on September 21 and elections are to be held on November 8. The Centre-Left government headed by Mr Eyskens is staying on until after the elections in a caretaker capacity.

Mr Philippe Busquin, the French-language Education Minister, has ordered the closure for lack of numbers of a 10-pupil, Flemish elementary school in Comines, a French-speaking community on the French border. The school opened last year and has become a flash-point for Flemish pride in Wallonia.

The school will be closed by Thursday but Mr Willy Calewaert, Minister for Flemish-language education, has said he will continue to pay the salaries of the two teachers.
AP

Austrian schilling 'must keep pace with D-Mark'

BY OUR FOREIGN STAFF

THE PRESIDENT of the Austrian National Bank, Professor Stephan Koren, has stressed the need for Austria to keep its exchange rate in line with that of the D-mark.

Austria, though not a member of the European Monetary System, followed in full the realignment of the D-mark, carried out at the beginning of last week. Given Austria's close trade links with West Germany, Prof Koren told a London audience, there had been no other choice.

Prof Koren was in Britain for a meeting of representatives of institutional investors sponsored by Girozentrale, the bank of the Austrian savings bank network.

He said that for Austria to abandon its policy of a hard exchange rate would lead to a vicious circle of the increased import of inflation and resulting difficulties in the "social partnership" between employers and labour.

Asked later whether, if the German economy should do less well, he would prefer to attach the schilling to another currency—the Swiss franc perhaps, Prof Koren said that for the last 15-20 years the Austrian and German economies had moved largely in step. If differential inflation rates were to emerge, Vienna would have to reconsider exchange rate policy.

Referendum on taxes for Swiss electorate

By John Wicks in Zurich

SWISS voters are to be called on to approve the extension of sales tax and federal income tax until 1994. The current ordinance enabling the imposition of both taxes expires at the end of the year.

In a Government statement in connection with the referendum, to be held on November 29, the Federal Council says the central authorities would be unable to carry out their duties without these two sources of fiscal income.

At the same time as the extension of the taxes, which is supported by Parliament, the electorate will be asked to approve alterations to the structure of federal taxes.

This would mean an increase in the merchandise sales tax rate from 5.6 to 6.2 per cent on retail sales and from 8.4 to 9.3 per cent on wholesale deliveries. Simultaneously the federal income tax would be cut back by alterations in tax codes.

In all, the federal Government would receive SwFr 600m (£189m) in additional fiscal income from the higher sales tax and lose SwFr 290m annually from the income-tax adjustment. The resulting net improvement of SwFr 310m a year is said by Berne to be "an insufficient but necessary step towards reducing the budget deficit."

Gas finds give new hope to Norway's North

BY JOHN WYLES RECENTLY IN TROMSO

UNTIL a few weeks ago, northern Norway's Land of the Midnight Sun was an area of declining expectations. Traditionally, the least prosperous area of the country, the steady erosion of its fishing and mining industries appeared to confirm a future of rising unemployment and impoverishment in comparison with the oil rich south.

But the good fortune which put 4m Norwegians in control of major reserves of oil and gas in the North Sea has also, it seems, deposited bounty under the dark and forbidding waters of the far north. In early August, Statoil, Norway's state oil company, confirmed a promising gas find a few miles north-west of Tromso, a highly picturesque coastal town whose early prosperity and visual gaiety once earned it the unlikely tag of "Paris of the North."

Statoil is still cautious about results of its first exploratory drilling inside the Arctic Circle. It has confirmed the presence of 100bn cubic metres of recoverable gas and is fairly certain of logging another 100bn. If so, the find would match in size the important Frigg field in the North Sea.

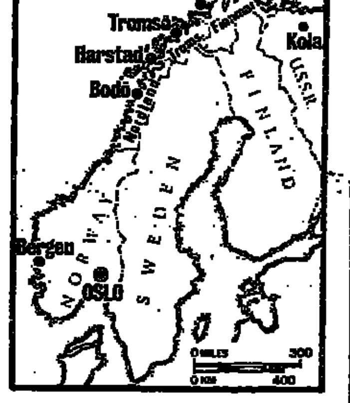
The Tromso field's true potential, however, is believed by close observers to be very much bigger. The talk within the industry is of massive reserves of more than 1,000bn cubic metres, five to six times bigger than the Frigg field.

Statoil says the field could be producing by 1995, although industry experts believe three or four years could be shaved off the timetable. Full exploration should be completed in four to five years and in the meantime Statoil is working on how best to transport the gas.

Although shore-based liquefaction and onward shipping by gas tanker is one alternative, the more probable solution will be a gas pipeline down through Sweden which could slot into the continental European distribution system at Wilhelmshaven in West Germany.

It is no coincidence that last month the Swedish Government commissioned a study on a pipeline project to take gas from northern Norway.

Tromso is not unreservedly enthusiastic about becoming the focus for a major gas development which could be important



for Western Europe's gas requirements before the end of the century. Marine biologists at its 13-year-old university worry about the ecological impact, while the biggest fish processor in the area is anxious about the effect of high-rolling oil companies on local pay rates.

But development of the Tromso field is virtually certain because it offers the chance to halt the region's steady depopulation and to cut its unemployment rate, which at 4 per cent is double the national average.

The gas find will be the basis for a regional development policy and for maintaining Norway's energy output when production from existing fields begins to decline. For several years Norway has been nominally committed to an annual production target of 90m tonnes of oil equivalent by the middle of the next decade.

This target has been attacked by various sections of Norway's political opinion as implying an excessive depletion rate despite the fact that chances of achieving the target are minimal.

The new Conservative Government led by Mr Kaare Willoch is expected to abandon it altogether and increase annual output from the current 50-52m toe on the basis of "acceptable investment levels." The aim would be to avoid the experience of the late 1970's where energy investment touched Kr 16bn a year and unleashed inflationary pressures which required price and wage freezes and a currency devaluation.

Mr Willoch's recipe, not very different from that of the outgoing labour government, will be to slow down the rate of growth in government spending and to relieve the tax burden on private industry.

But his approach will bear little resemblance to "Thatcher economics" and it is doubtful whether the average Norwegian will notice any difference in the already generous provision of social services.

This is because of the comfortable bed of oil and gas upon which all Norwegians are lying. The central government spending deficit this year will exceed 13 per cent if energy taxes are excluded, a shortfall which has forced nightmarish political choices on the Danish and Belgian Governments.

Nevertheless, Norway does not have an insulated economy. Recession in the OECD area, particularly in its three largest markets, Sweden, West Germany and the UK, leaves the country facing a miniscule 0.1 per cent growth in its non-oil and shipping economy this year. GNP growth rises to 1.2 per cent if these two activities are included. According to figures presented to the Storting this week it will grow by 1.6 per cent next year.

After an annual average GNP rise of 4.7 per cent throughout the 1970's this represents belt-tightening for Norwegians. But with virtual full employment, and with energy reserves which grow with every new discovery, the rest of Europe can look enviously on Norway's problems.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.

Mitterrand promise of help for traditional industries

BY TERRY DODSWORTH IN PARIS

PRESIDENT François Mitterrand promised renewed aid to the decaying traditional industries of north-east France yesterday in a speech which laid down some key elements of the new Government's industrial strategy.

Choosing the opportunity of a two-day visit to the Vosges and Lorraine, formerly wealthy regions now stricken by the textile and steel crises, M Mitterrand emphasised the Socialist Administration's determination to halt the decline in these mass employment sectors.

The Government is to finance a new exploration drive for iron-ore, to give another FFr 500m worth of aid to small companies working in the steel industry, and to tighten up on measures to defend the domestic textile industry from foreign competition, he said.

In addition, more money is to be pumped into the forestry industry, as well as the modernisation of the Lorraine coal fields, which are scheduled to play a more important role than previously planned in France's energy programme.

M Mitterrand's speech marks a reversal of the former administration's policy of running down the traditional industries in favour of high-technology sectors. Although this is partly a difference of emphasis — the Government is also stepping up research investment — it shows the Socialists' concern for protecting jobs in industries where they believe there is still plenty of scope for development.

Lorraine is also a region which swung sharply to the left in the last elections and M Mitterrand took great care during his visit to show that the new Administration was driving ahead with job-saving plans.

In the steel industry he said the Government would be pressing ahead with plans both to increase shift working and to reduce working hours.

He also announced that a proposed Peugeot - Renault motor components plant in the area, which the companies had been threatening to axe, would go ahead as planned.

Reuter adds: The National Assembly yesterday began a marathon debate on the Government's Bill to bring large sectors of the nation's industry into state ownership.

The Government plans to take over five industrial groups, two holding companies with multi-national interests, the two main steel producers and 36 private banks and to gain control of the Matra and Dassault-Breguet arms manufacturers.

A poll published in Le Figaro showed that 50 per cent of French voters approve of the nationalisation programme, compared with 29 per cent who disagreed.

Alliance 'danger to Communists'

BY DAVID HOUSEGO IN PARIS

THE DANGER for the French Communist Party of being eclipsed in an alliance with the Socialists are spelled out clearly in the draft resolution approved by the central committee for the party's forthcoming congress in February.

The text was publisehd across six pages of the Communist daily newspaper, L'Humanite, yesterday.

After the heart-searching in the party about its electoral setbacks and participation in the present Government and after the recent expulsion of 30 critics from its ranks, the congress is a political event of major importance. It will be the first since May 1979 and thus the first since the coming to power in France of a coalition of Socialists and Communists.

The document addresses itself to why the victory of the Left was accompanied by an electoral setback for the Communist Party. The Communist share of the vote in the presidential and legislative elections fell by about 5 per cent to 15 per cent of the electorate. The document's opaque language provides no precise answer but it gives several glimpses of party disarray.

The draft resolution considers that on balance the Common Programme—the electoral alliance struck between Communists and Socialists in 1972 and on which the present Government has drawn for many of its policies—was a mistake.

It eroded the difference between the parties, the document says, and encouraged voters, including Communists, to vote Socialist.

"It favoured the progress of the Left," the document says "but at ou rexpense." It accuses the Socialists of accepting the terms of the Common Programme as part of a strategy to take millions of votes from the Communists and to create a political alliance favourable to their own beliefs.

The document repeats the Communist view that the Socialists were responsible for the break-up of the alliance in 1977. President François Mitterrand has taken the contrary view that the Communists knifed him in the back in 1977 and ruined the chances of the Left in the legislative elections of 1978.

The document draws on this experience to illuminate what should be the party's attitude today. It reaffirms its commitment to work loyally within the present Administration — the first time in 34 years that Communists have participated in the government of a major capitalist country.

But it insists that the party must develop its own action and express its own identity.

Professor Tobin: criticised the British approach

A smile for the Keynesians

By David Marsh

"Jim Tobin's a nice, kindly, sensible moderate man whose main occupation during the last 10 years has been taking Milton Friedman to pieces."

THAT PITHY profile of this year's winner of the Nobel prize for economics was offered yesterday by Professor Jim Ball, principal of the London Business School.

Prof Tobin is one of the leading advocates in the U.S. of the Keynesian strategy of increasing public spending to drag economies out of recession. His award is likely to bring wan smiles to the faces of such embattled anti-monetarists as M Jacques Delors, the French Finance Minister, in Paris and Mr Edward Heath in the UK.

Although he cautions against Governments' relying exclusively on monetary policies to bring down inflation, Prof Tobin is a long way from believing that the money supply does not matter. He says that Prof Friedman's work, which has had such a large influence on Anglo-Saxon monetary policies during the last few years, is too narrowly focussed on the banking sector, and does not take into account the full spectrum of financial assets on bond and equity markets. As such, he says control of the money supply alone can have unpredictable consequences and is insufficient.

Prof. Tobin publicly criticised the British approach last year. He told a House of Commons committee that the British Government's policies were unlikely to achieve lasting success in bringing down price rises and involved paying a big price in terms of reduced investment in physical and human capital.

He argued then that some kind of incomes policy was needed in conjunction with monetary and fiscal policies.

Born in Champaign, Illinois 63 years ago, Prof Tobin graduated from Harvard in 1947 and has been a professor at Yale since 1955. He was a member of the council of economic advisers under President Kennedy in 1961-62. When the President rang him up to ask him to join, Prof Tobin is said to have professed modestly that he was "just an ivory tower economist." That prompted the reply from Kennedy that it would not matter since he would be working for an ivory tower President.

EEC members endorse security 'charter'

BY JOHN WYLES

EEC member states yesterday took their foreign policy cooperation an important step forward by endorsing a "charter" which for the first time embodies a formal commitment to consult on security.

Yesterday's agreement by Community foreign ministers meeting in London is an achievement for the British Government, which had been seeking a commitment of this kind on European political cooperation during its six-month term as President of the EEC Council of Ministers.

However, Lord Carrington, the British Foreign Secretary, who presided over yesterday's meeting, deliberately played down the significance of the joint commitment. He said that the focus would be on political rather than defence aspects of security and would not in any way undermine Nato consultations.

The security issue is sensitive for two reasons. Any development of an EEC "cabal" would upset the U.S. and other Nato partners, while Ireland's neutrality makes Dublin especially concerned to avoid any involvement in Western defence questions.

For these reasons, Lord Carrington went out of his way to distinguish yesterday's agreement from proposals which have been floated by Herr Hans Dietrich Genscher, the West German Foreign Minister, for an EEC Council of Defence Ministers.

Although Lord Carrington thought that Herr Genscher had shelved these proposals, there remain indications that West Germany may still include them in plans for a treaty on European Union which may be discussed at the EEC heads of Government summit meeting in London in November.

In the meantime, British officials were stressing that yesterday's "London report" on political co-operation was merely a formal acknowledgement of what is by now a well-established practice.

They cited, in particular, the development of a common position by the Ten on French proposals for a European disarmament conference for which they will be seeking Soviet endorsement at the conference on European security and co-operation when it resumes in Madrid shortly.

The London report on European political co-operation is intended to supplement two previous formal EEC undertakings agreed in Luxembourg in 1970 and Copenhagen in 1973. Its three aims are to strengthen the machinery for foreign policy co-ordinated, to provide for a "crisis mechanism" allowing prompt consultation during an international crisis, and to limit the possbilities of individual foreign policy initiatives cutting across joint efforts by the Ten.

The agreement represents a bid by the Ten to present a more effective common front on the major issues of East-West relations, disarmament and the Middle East. It affirms that the Ten "are still far from playing a role in the world appropriate to their combined influence."

In practical terms, the London report aims to strengthen common representation in third countries by developing the local role of the ambassador of whichever country is occupying the EEC Presidency.

Lord Carrington: played down significance

The Presidency, which rotates among member states on a six-monthly basis, is being clearly established as the fucrum for political cooperation and henceforward will be assisted by a small team of quite senior officials from the succeeding and preceding Presidency countries.

This is meant to ensure continuity of approach together with the gradual development of political co-operation archives without limiting the responsibilities and the importance of holding the Presidency —of particular importance to smaller member states.

The crisis mechanism, which Lord Carrington said yesterday was intended to avoid the EEC's "disarray" in the aftermath of the Soviet invasion of Afghanistan, would allow for a Ministerial meeting within 48 hours of a request being made by three member states. The same procedure would apply in third countries at the heads of mission level.

Underpinning all the arrangements will be the political committee, comprising senior representative's from the Ten's foreign offices, which will organise working groups and prepare Ministerial meetings.

Corriere takeover battle threatens Spadolini

BY JAMES BUXTON IN ROME

THE LONG-RUNNING row over the future of Italy's leading newspaper, Corriere della Sera, is now threatening a serious split in Sig Giovanni Spadolini's five-party coalition Government.

The crisis centres on a proposal that a consortium led by Sig Bruno Visentini, chairman of Olivetti and of the Republican Party, of which Sig Spadolini is secretary, should buy control of the Rizzoli publishing group which owns the paper.

In an article in the Milan business daily, Il Sole-24 Ore, Sig Visentini yesterday attacked the Socialist Party over the newspaper issue, accusing it of trying to distract attention from recent allegations of financial malpractice.

The Corriere affair began last April when the Rizzoli group, facing deepening financial problems, agreed to sell 40 per cent of the company to Sig Roberto Calvi's La Centrale group, which would participate in raising the capital from L25bn (£11.4m) to L178bn.

The following month Sig Calvi was arrested and later convicted of charges concerning the illegal export of currency, against which he is appealing. Next the scandal broke over the P-2 freemasons' lodge of which Sig Calvi was a member, along with Sig Angelo Rizzoli, chairman of Rizzoli, and its managing director, Sig Bruno Tassan Din.

The Bank of Italy finally authorised the capital increase and the participation of La Centrale, but only on condition that La Centrale's shares were in practice held by the Bank of Italy.

But Rizzoli's weak financial position, its uncertain future and the opposition of Corriere staff to two former members of P-2 remaining at the top of Rizzoli have caused continual labour unrest.

To solve these problems Sig Visentini and his unnamed associates started discussing the purchase of a controlling stake in the organisation, which La Centrale, Sig Rizzoli and Sig Tassan Din have indicated they are prepared to sell. Though chairman of the small Republican Party, Sig Visentini is best known for his belief that Italian institutions, including its Government, must be run by competent, disinterested men rather than party appointees.

The Socialists, however, object to Sig Visentini's approach, seeing it as an attempt to extend the Republican Party's influence.

Coalition seeks confidence vote

By Our Rome Correspondent

THE ITALIAN coalition Government headed by Sig Giovanni Spadolini has decided to call for a vote of confidence—the second since it was appointed in June—to break a lengthy parliamentary filibuster by the opposition Radical Party.

The Radical Party's tactics, consisting of long speeches and the submission of thousands of amendments to a Bill on government financial aid to the political parties, has meant that little other parliamentary business has been transacted since the session resumed in September.

Reagan team fears economy may hurt 1982 poll chances

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN White House has already begun to focus on next year's mid-term Congressional elections, now less than 13 months away, with a high-level review this week of the readiness of Republican Party machinery for the 1982 campaign.

Mr Richard Richards, chairman of the Republican National Committee, briefed the top Reagan staff, and won their endorsement for his advance planning of the coming campaign.

This was important for Mr Richards, who despite his success last year as the Presidential campaign co-ordinator for the Western half of the U.S., had recently come under some attack inside the party,

Mr James Baker, White House Chief of Staff, said after the strategy session on Monday that he wanted to set to rest the rumours of dissatisfaction about Mr Richards. "He's there in the job and he's going to be there for the long haul."

Republicans won control in 1980 of one branch of Congress—the Senate—for the first time in a generation, and are keen to hold that gain and whittle down or possibly eliminate the 50-seat edge which Democrats still have in the House of Representatives.

This hope hangs crucially on the U.S. economy picking up in 1982, the Administration has ruefully realised.

Its fear is that if recovery is postponed into the summer or later next year Republicans will be hurt badly in next November's polls.

This political imperative is behind the new warnings by Mr Donald Regan, the Treasury Secretary, that the Federal Reserve's tight money policy threatens to prolong the economic slowdown.

The Washington Post claimed yesterday that Mr Regan has based part of his argument on incorrect money data from Mr Beryl Sprinkel, his monetary affairs Under-Secretary.

The paper said an October 6 memorandum from Mr Sprinkel stated that bank reserves which the Fed supplies to the credit *system contracted at an annual* rate of 8 per cent between mid-August and the end of September.

Fed officials said this was based on unadjusted figures and was misleading, and that total and non-borrowed reserves actually grew at an annual 25 per cent pace over that period.

The apparent miscalculation does not, however, change the view of the Administration, Treasury officials countered.

Bush to back change in Brazil

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

VICE-PRESIDENT George Bush is expected to express U.S. support for the process of "abertura" or political democratisation when he arrives in Brazil today on the third leg *of his week-long visit to Latin America.*

Mr Bush will visit Brasilia for talks with acting President Aureliano Chaves, and go onto Rio de Janeiro and the poverty stricken north-eastern city of Bahia. He has already visited Santo Domingo and is today also in Bogota.

The principal purpose of his tour was to demonstrate a U.S. interest in a range of Latin American countries which have parliamentary regimes or which are, as in the case of Brazil, moving towards parliamentary government.

During his 48-hour visit to the Dominican Republic he promised to air in Washington *Dominican fears that the raising* of the U.S. domestic sugar price would jeopardise sales of Dominican sugar in the U.S., a major source of that country's foreign exchange.

Under a Bill recently passed by the U.S. Senate a rise in the U.S. sugar price would mean imported sugar would face increased tariffs.

The Dominican Government and Congress have said that this move goes against the spirit of the "mini Marshall Plan." This was launched earlier this year with U.S. backing *to aid the more fragile* economies of the Caribbean and Central America.

In a speech to the Dominican Congress on Monday Mr Bush attacked the Soviet Union and Cuba as the main threat to freedom in the region and warned the people of Nicaragua that they should move quickly to free themselves from "Cuban *oppression.*"

The vice-presidential visit to Santo Domingo has been marked with violent anti-U.S. demonstrations in which scores of people have been arrested.

Peru declares emergency in 5 provinces

LIMA — The Peruvian Government has declared a state of emergency in an area in the south-east of the country, in response to a terrorist attack on a police station that cost three lives.

President Fernando Belaunde Terry declared the emergency in five provinces of Ayacucho State, about 350 miles south-east of Lima, the capital.

The decision was taken at an emergency meeting of the Cabinet and was announced by Sr Jose Maria de la Jara, Interior Minister. He said the terrorists had killed three people, including a child, at the civil guard station at Tambo, in the province of La Mar.

Police have been given special powers under a 60-day state of emergency to bring the situation under control. The decree said the armed forces would not participate in the operation.

AP-DJ

Brasilia ship order comes under attack

By Andrew Whitley in Rio de Janeiro

LEADING BRAZILIAN businessmen have criticised their Government's decision to order a dozen or so cargo ships, worth about [illegible] from three Western Euoropean countries including Britain.

Sr [illegible] the president of Rio de Janeiro state's industrial federation and head of a shipbuilding company, said on Monday that the decision "put at risk" the survival of Brazilian shipbuilders.

Justifying the Government's decision to look abroad, Sr Eliseu Reserde, the Transport Minister, said the orders were linked to Brazil's need for fresh finance to service large foreign debts incurred by Sunamam, the state supervisory body for all shipping activities.

Sunamam needs to amortise debt amounting to $400m in 1982 and hopes to finance part of this requirement through a new loan of $380m in London this month.

Both sides in El Salvador feel pressure for talks

BY OUR LATIN AMERICA CORRESPONDENT

INTERNATIONAL pressure is increasing on both sides in the Salvadorean civil war to begin talks for a negotiated solution. The pressure comes as casualties mount and the authorities in Washington weigh the domestic consequences in the U.S. of sending more military assistance to the Government of President Jose Napoléon Duarte.

President Aristides Royo of Panama, in a speech to the UN General Assembly, has offered his good offices and a venue for talks between President Duarte and his left-wing opponents.

Last Wednesday at the UN Commandant Daniel Ortega, the Nicaraguan leader, appealed for talks between the two sides which would lay new bases for elections and would unite the armed forces of the Right and the Left.

President Duarte had previously offered to talk with the FDR left-wing political front in Nicaragua if it would divorce itself from its guerrilla backing in the Farabundo Marti Front (FMLN). This proved unacceptable to the Left.

David Buchan reports on the complexities surrounding U.S. telecommunications reform

Trying to ring the changes with Ma Bell

AFTER FIVE years of trying, one branch of Congress—the Senate—last week managed to pass the first ever major revision of the 1934 Communications Act. The vote was a sweeping 90 to 4. It might have been the occasion for widespread congratulations, heralding rapid final legislation by Congress and the dawn of a new competitive era in the enormous U.S. telecommunications industry. It was not.

Almost every interested party sniped at the Senate's work. American Telephone and Telegraph *(AT and T), the giant* Bell System whose future is intimately tied up with the legislation, complained the Senate Bill restricted it too severely. Key Congressmen involved with telecommunications in the House of Representatives complained the Bill was not restrictive enough.

The Administration was confused. Mr William Baxter, the Assistant Attorney General for Anti-Trust, said the Senate had not gone far enough in defining AT and T's future role to justify the Government drop*ping its long-standing monopoly* suit against the company. But he could not say exactly what more the Senate should have done.

All agree that change is long overdue. The U.S. is practically the only major country where the Government still maintains a barrier between communications (telephones) and data processing, computing and so on. Technical advances have blurred any distinction between them.

The broad aim of reform is to lessen regulation in the telephone sector, remove AT and T's quasi-monopoly and let in companies such as IBM. In return, the reforms aim to allow AT and T into the unregulated area of information processing.

The general concern is that AT and T—the world's largest privately-held company with assets of over $150bn—might so throw its weight around in this new area of endeavour that competitors in information processing might be driven to the wall. At the same time AT and T might strive to keep its traditional clamp on the phone market.

The favoured solution is that AT and T, or "Ma Bell" as the company is widely known, set up an arms-length subsidiary, inevitably dubbed "Baby Bell" *to cary out its new activities.* But this reform is not as sweeping as that sought in the seven-year Justice Department court suit, which aims to break up the AT and T empire of 23 operating companies plus its Western Electric manufacturing arm.

The Reagan Administration is agreed that proper legislation by Congress revising both the 1934 Act and AT and T's terms of reference would make the anti-trust suit unnecessary. But it is deeply divided on how far Congress needs to go for the suit to be dropped.

One camp inside the Administration wants the suit dropped immediately, as a carrot for Congress to speed legislation. This group includes the Secretaries of Defence and Commerce, who believe the integrity of the AT and T phone network

Mr Charles Brown

is a vital security asset in war and peace, and that the company's present size is a valuable match to growing telecommunications competition from the Japanese, West Germans, and others in the world market.

Uneasily aware that this argument embodies President Reagan's pro-defence and pro-business policies, Mr Baxter has found *his position* most uncomfortable. Nevertheless, he wants to keep the stick of the anti-trust suit hanging over the heads of Congress and AT and T until a final legislative deal is done.

In a compromise, the Administration this summer asked for the AT and T suit to be put "on hold" for a year. But the AT and T trial judge refused, saying that by the Government's own evidence the Bell System had appeared to have "violated anti-trust law in a number of ways over a lengthy period of time."

The Government must either drop the case altogether or continue it, *the judge ruled. The* Justice Department then decided to plug on, pending the outcome on Capitol Hill. Mr Baxter said the case would be drwopped if the Senate Bill included two Administration-backed amendments.

The Senate did this. But Mr Baxter has now said the Bill did not go far enough to ensure that AT and T gives its competitors on long-distance telephone routes equal access to the AT and T net work of local exchanges. The Senate Bill leaves AT and T "too wide a range of discretion" in this, Mr Baxter complained. In fact, AT and T already allows rivals such as the MCI company to hook into its local exchanges, but often with inconveniences such as requiring outside callers to dial as many as 19 digits, instead of the normal 10.

For his part, Mr Charles Brown, the AT and T board chairman, has complained the Senate Bill is "doubly tough on the Bell System." He says it "puts reins on us and gives spurs to everyone else." This is a reference to the Bill's requirement that AT and T operating telephone subsidaries buy a certain proportion of their equipment from manufacturers other than Western Electric. AT and T and its supporters on Capitol Hill disparagingly call this the "buy Japanese" amendment. The Bill also insists that Bell Laboratories disclose publicly some of the fruits of their research and development. In fact, despite this, AT and T would be happy to settle for the Senate Bill, if only as a move towards ending the uncertainty surrounding its future.

But AT and T may get a rougher, *or at least slower,* ride in the House of Representatives.

Some House members want to press the issues of precisely what assets Ma Bell transfers into Baby Bell, and whether the parent might be able to use revenues from still-regulated phone services to cross subsidise the subsidiary's new unregulated activities. A move to get 10 per cent outside ownership of Baby Bell was quashed in the Senate, though it was agreed that the subsidiary would have to file all reports to the Securities and Exchange Commission (SEC) required of independent companies.

Most important is the likely row over the big rise in local telephone rates expected in the next few years. AT and T has said that, in the coming competitive era, its local rates will double or treble within five years.

"In a competitive environment, you no longer have the luxury of social pricing," said one AT and T official. The Bell System claims that it can no longer afford to inflate long distance rates to subsidise local rates. In fact, the move towards "cost based pricing" in which phone services direc[illegible] [illegible] already. With the new legislation, it is expected to acceler[illegible]

Clark warns Trudeau on constitution

By Victor Mackie in Ottawa

THE LEADER of Canada's Progressive Conservatives, Mr Joe Clark, has warned Mr Pierre Trudeau, the Prime Minister, that if he persists "stubbornly [illegible] rush to get his own way on the constitution," it will provide fuel for the separatist cause in Quebec.

"I think that separatism was on the wane in Quebec. I think that now separatism is going to pick up new force because of the stubbornness of the Trudeau Government as they continue on their way," he said.

Mr Trudeau has proposed asking the British Parliament to send the British North American Act—Canada's constitution—to Canada, along with a formula for amending it and an entrenched charter of rights.

It is the amending formula and charter of rights that has created opposition to his proposal—particularly from eight of the 10 provinces—on the grounds that it will increase the powers of the Federal Government. New Brunswick and Ontario support Mr Trudeau. Quebec is bitterly opposed.

"We do not want a situation in which the Government of Canada, acting by a majority in Parliament, forces through a measure that can feed separatism in the province of Quebec, that can cause anger in other parts of the country, and that diverts our attention from dealing with the important economic questions of the day," Mr Clark went on.

Mr Trudeau was due to meet British Columbia's Premier, Mr Bill Bennett, later yesterday. Mr Bennett was expected to tell Mr Trudeau about the results of his talks with all the Premiers on Mr Trudeau's plan to repatriate the Act

Earlier, Mr Bennett was optimistic that he and Mr Trudeau could discuss prospects for a compromise on the constitution issue.

In a message to Mr Bennett on Sunday, Mr Trudeau said it would be convenient for him to meet all the Premiers next Tuesday because that is the day after the provincial premiers are scheduled to hold their own meeting in Montreal.

Battle looming over U.S. gas price decontrol

By Ray Dafter, Energy Editor

A HEAD of steam is building up about U.S. natural gas pricing policies. The issues have become among the most politically volatile of all the Reagan Administration's energy plans.

For, somewhat belatedly, it has become recognised in the U.S. that the Natural Gas Policy Act (NGPA) of 1978, which sought to free the price of much of America's natural gas, was, while well-meaning, woefully inadequate and overly cumbersome. Exxon—one of the leading domestic gas producers—reckons that 80 per cent of the time spent by its gas executives is taken up in complying with regulations.

But the main reason for the current concern is that gas prices are falling well behind the value of crude oil and hence international energy prices. The Act was formulated on the assumption that by January 1 1985—when the price of a large percentage of gas was to be deregulated—U.S. crude would be selling at about $15 a barrel.

As a result of troubles in the Middle East and decontrol measures implemented by both the Carter and Reagan Administrations the price of U.S. oil is now well over double that level. And natural gas prices remain at bargain-basement level.

Average price

According to Jensen Associates, a Boston-based consulting firm which studies gas pricing issues, the average price of U.S. conventional gas, produced outside Alaska, is around $1.80 per million BTU (British Thermal Units). This is the equivalent to selling crude oil for around $10.45 a barrel. The Natural Gas Supply Association estimates that the average price of all supplies—including imports from Canada and Mexico—is still only $2.13 a million BTU.

Much worse, the industry points out that some gas from old producing wells is being sold for a regulated 28 cents a million BTU—the equivalent of $1.62 a barrel. At the other end of the spectrum a tiny percentage of gas, produced from deep wells, is being sold for more than $9 a million BTU (the equivalent of more than $52 a barrel)—a price pipeline companies and distributors are willing to pay only because they can roll in the expensive gas with the majority of much cheaper supplies.

In controlling prices under the existing Gas Act—and there are over two dozen specified categories of production—the Reagan Administration is aware that it is postponing major adjustment problems to the mid-1980s. For in 1984-85 prices will still be significantly below free market levels. Prices of the categories of gas then freed from control—some 40 per cent of all supplies—will be straining to catch up with the price of oil.

"If nothing is done, the rapid increase in price that will occur at the moment of decontrol in 1985 will send shock waves throughout the economy," Mr Jerry McAfee, Gulf Oil chairman, said last week.

As a means of easing the transition period the President is considering an accelerated phased decontrol of gas prices. "Decontrol will raise the price of gas, but much less — in the long run — than if we wait until 1985," commented Mr James Edwards, U.S. Energy Secretary, on a recent visit to London. "Americans have a choice between an interest-free instalment plan, or having to assume an intolerable financial burden in 1985."

Accelerated decontrol would bring other benefits. It would send a signal to consumers that gas, like oil, is a valuable finite resource. Higher prices would encourage greater conservation effort at a time when Americans appear to be falling back into a state of complacency over energy supplies.

The coal industry would receive a badly needed fillip. Mining companies complain that they are unable to compete with gas for much of the lucrative electricity generating business. Many in the energy industry would argue that natural gas — a clean, flexible and thermally-efficient fuel — is far too valuable to burn under boilers in power plants which is the widespread practice in the states of the Gulf coast. Overall, about 15 per cent of U.S. electricity is generated by natural gas.

Another persuasive case for decontrol is put forward by oil companies which make the familiar complaint that exploration and production activity is being stifled through a lack of incentives.

"The sooner we start decontrolling all categories of gas, the sooner we will see our proven reserve levels increase," said Mr Edwards. "We won't know how large our gas reserves are until we decontrol."

As it stands the Natural Gas Policy Act does provide some incentive for increased exploration. Companies finding new gas are allowed to charge much more than for output from mature fields — in general, the deeper the companies drill or the more difficult the gas is to extract, the higher the price. Hence, gas found below 15,000 ft in wells drilled after mid-February 1977 can be sold at any freely negotiated price while the value of "old gas" is measured in tens of cents per million BTU. The fact that the gases are virtually identical and used for the same purpose highlights the bizarre nature of gas price regulations.

Inevitably companies are looking for deep gas and ignoring shallower prospects which would yield supplies which must be sold for less than $3 a million BTU. And yet drilling costs at depths of 15,000 to 17,000 ft are almost four times those at between 5,000 to 7,500 ft. As Professor Glenn Loury, Professor of Economics at the University of Michigan, told a meeting of natural gas executives in Houston, Texas, in August, the policy was "rather like encouraging people to pick apples from the top of a tree, while climbing past the heavily laden lower limbs. It makes no economic sense whatsoever."

Since 1970 U.S. reserves of natural gas have been falling steadily. By the beginning of last year they stood at 195 trillion (million, million) cubic feet, a 33 per cent decrease from 1967. Whereas exploration for crude oil—encouraged by the decontrol of prices—is now a booming activity, the search for gas is a very much more sedate affair.

Industry figures show that last year almost 27,000 oil wells were drilled in the U.S., an increase of 39.2 per cent over 1979 activity. Judging by work carried out in the first six months of this year, the number of oil wells drilled will rise by a further 85 per cent in 1981.

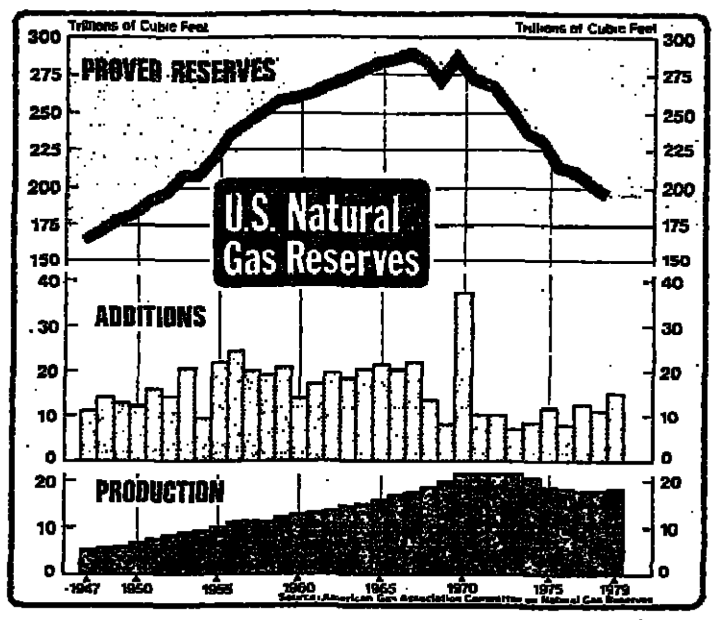
Imbalance

In contrast, the number of gas wells drilled last year—15,727—was only 7.2 per cent more than in 1980. The rate of increase was even lower in the first six months of 1981. Given that gas accounts for over a third of primary U.S. energy production—as against 27 per cent for oil—there would seem a strong argument for reversing this imbalance.

Dr Edward Erickson, Professor of Economics and Business at North Carolina State University, believes that without additional pricing incentives production could lag between 10 and 20 per cent below demand in 1985. "For conventional natural gas to make its maximum feasible contribution to domestic U.S. energy supplies, the NGPA will require both enlightened regulatory interpretation and legislative reconsideration," he concludes.

It is still far from clear how the Natural Gas Policy Act will be amended or, even, whether the Reagan Administration will have the stomach to push through legislation in the face of fierce consumer opposition—particularly given that 1982 is another election year.


MR JERRY MCAFEE
shock waves




MR JAMES EDWARDS
Americans' choice

More than half of all American homes are heated by natural gas. Alarm bells have been sounded by some reports that domestic gas prices could double by the mid-1980s as a result of accelerated decontrols. The Energy Department, however, says that if controls were eased off over three years, the average wellhead price would rise 23 per cent a year in real terms and that the average homeowner could expect a 13 per cent annual increase in his gas bills.

According to the Natural Gas Supply Association, if gas prices were decontrolled overnight the Consumer Price Index would rise a further 0.6 per cent in 1982, 0.28 per cent in 1983 and 0.09 per cent in 1984 as against the rise that would be expected under existing pricing rules.

It is not only home owners who are worried. Pipeline companies are concerned that they would be unable to sell all of their deregulated, high-priced gas. Many contracts contain escape clauses which enable industrial users to curtail supplies in the event of price deregulation. Further complications arise because pipeline companies have commonly signed take-or-pay agreements with gas producers.

American chemical companies also have a vested interest in controlled gas prices. Mr Charles Curtis, former chairman of the Federal Energy Regulatory Commission, told members of the European Petrochemical Association in Monaco last month that at least one company estimated that continued price controls would give a 5.5 to 6 cents a pound advantage to ethylene producers using gas-based ethane rather than gas oil as a feedstock. "This is obviously a very significant advantage in a market which sells ethylene at 27-28 cents per pound," he said. It is also an advantage which has been worrying the European chemical industry based as it is largely on oil-based feedstocks.

By August at least 15 major trade unions and consumer groups had announced that they would organise a campaign against decontrols. Perhaps influenced by such widespread opposition, Representative John Dingell (D-Mich), chairman of the House energy committee, has said he believes decontrol is not justified at this time. He claims that producers are crying over the present Gas Act "all the way to the bank." Senator James McClure (R-Idaho), chairman of the Senate energy committee, has also made it clear that he wants nothing to do with decontrol measures this year.

President Reagan has a number of options as outlined by stockbrokers Merrill Lynch, Pierce, Fenner and Smith. He can:

- Decontrol all gas immediately;
- Speed up the Natural Gas Policy Act proposals for full implementation next year;
- Gradually phase in price increases over time;
- Increase the ceiling price for each category so that the price of gas reaches parity with medium sulphur residual fuel oil by 1985;
- Immediately raise the ceiling price of newly-found gas to fuel oil parity and allow the price of other categories to rise to the maximum level in equal increments to 1985;
- Decontrol all newly-found gas next year and phase out all price controls by 1985.

Congressman Phil Gramm of Texas has already presented a Bill calling for the phased decontrol of all gas over the next three years. His idea is that all gas discovered after January 1, 1981 would be free from price controls and that all other controls would be phased out in the three years to the beginning of 1985. The reference price for decontrol would be that of number six fuel oil, which, in 1985, is assumed to be priced at the equivalent of $7 per million BTU.

Congressman Gramm has likened the President as a doctor in an emergency ward. "He knows the patient is sick," he has said. "We have to sell him on the idea that we can win."

Mr Curtis, speaking to the European chemical industry, continued with the theme of challenge. "Unless President Reagan puts his substantial political credential behind the effort, proposals to remove existing price controls are not likely to go very far in the Congress. And time is running out."

BASE LENDING RATES

A.B.N. Bank	16 %	■ Guinness Mahon	16 %
Allied Irish Bank	16 %	■ Hambros Bank	16 %
American Express Bk.	16 %	Heritable & Gen. Trust	16 %
Amro Bank	16 %	■ Hill Samuel	§16 %
Henry Ansbacher	16 %	C. Hoare & Co.	†16 %
■ Arbuthnot Latham	16 %	Hongkong & Shanghai	16 %
Associates Cap. Corp.	16 %	Knowsley & Co. Ltd.	16½%
Banco de Bilbao	16 %	Langris Trust Ltd.	16 %
BCCI	16 %	Lloyds Bank	16 %
Bank of Cyprus	16 %	Mallinhall Limited	16 %
Bank of N.S.W.	16 %	Edward Manson & Co.	17 %
Banque Belge Ltd.	16 %	Midland Bank	16 %
Banque du Rhone et de la Tamise S.A.	16½%	■ Samuel Montagu	16 %
Barclays Bank	15½%	■ Morgan Grenfell	16 %
Beneficial Trust Ltd.	17 %	National Westminster	16 %
Bremar Holdings Ltd.	17 %	Norwich General Trust	16 %
Bristol & West Invest.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Slavenburg's Bank	16 %
■ Brown Shipley	16 %	E. S. Schwab	17 %
Canada Perm't Trust	16½%	Standard Chartered	‖16 %
Cayzer Ltd.	16 %	Trade Dev. Bank	16 %
Cedar Holdings	16 %	Trustee Savings Bank	16 %
■ Charterhouse Japhet	16 %	TCB Ltd.	16 %
Choulartons	16 %	United Bank of Kuwait	15½%
Citibank Savings	‡15 %	Whiteaway Laidlaw	16½%
Clydesdale Bank	16 %	Williams & Glyn's	16 %
C. E. Coates	16 %	Wintrust Secs. Ltd.	16 %
Consolidated Credits	16 %	Yorkshire Bank	16 %
Co-operative Bank	*16 %		
Corinthian Secs.	16 %		
The Cyprus Popular Bk.	16 %		
Duncan Lawrie	16 %		
Eagil Trust	16 %		
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Grindlays Bank	¶16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14.5%, 1-month 14.75%. Short term £8,000/12 months 16.60%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14¼%, and over £50,000 14½%.
‡ Call deposits £1,000 and over 14%.
§ Demand deposits 14½%.
‖ 21-day deposits over £1,000 15¼%.
¶ Mortgage base rate.

Violence accompanies poll • Saudi call for unity • Sudan warns Libya

Bomb explosion as Egypt votes for new leader

BY ANTHONY McDERMOTT IN CAIRO

Vice President Mubarak casts his vote in Cairo.

AT LEAST one man died and several were injured yesterday when two bombs exploded at Cairo airport, and earlier two wanted men were arrested when security troops stormed a flat near the Pyramids. These two incidents occurred as Egypt's 12m voters went to the polls to elect Vice-President Hosni Mubarak as Egypt's fourth President since it became a republic in 1952.

The two airport explosions occurred within 15 minutes of each other yesterday afternoon on board an Air Malta aircraft which had flown to Cairo from Tripoli, the Libyan capital.

Col Muammer Gadaffi, Libya's Head of State, had been one of the late President Sadat's most vociferous critics, and is currently host to Gen Saiad Shazli, leader of Egypt's opposition groups in exile.

In the assault on the block of flats early yesterday morning, in which two officers were slightly injured, the Interior Minister claimed two men wanted in connection with disturbances in the town of Asyut 250 miles south of Cairo, were arrested.

In severe clashes last Thursday and Friday in Asyut between Moslem fundamentalists and the police, official casualties were put at 53 killed, mostly policemen. The casualties are believed to have been somewhat higher, however.

In yesterday's shoot-out, four people were arrested, of whom two were on the wanted list of five men. In television pictures of the bombarded flats, a number of guns and grenades were shown as being captured, along with publications of the fundamentalist al-Gama'iyat al Islamiya (Islamic Association).

Yesterday's referendum took place against the background of heavy security precautions which were more noticeable in the centre of the capital than in some of the poorer suburbs.

A glance through voting lists suggested that the turnout had been light. More people were queueing to buy fish than waiting to register their votes. Workers at railway stations filled out their voting cards openly, using phrases like: "We must vote for the man to continue Sadat's policies." One said: "Voting is not compulsory, it is a national act." Closer to the general attitude was a remark by another man who said he was "not voting because it will not make any difference."

● President Numeiri of Sudan who has long held honorary Egyptian citizenship, voted in the election after asking the Egyptian authorities for permission. He was "expressing his love for Egypt

Saudis call on Arab nations to close ranks

BY IHSAN HIJAZI IN BEIRUT

SAUDI ARABIA has issued a call for Arab countries to close ranks, interpreted here as an overture towards Egypt under Mr Hosni Mubarak, the Vice President. The call came in editorials in the State-controlled Saudi Press, also broadcast by Riyadh radio yesterday.

"Inter-Arab unity is the only way ot preserve the interests of the Arabs and protect their security against their common enemies, particularly Israel and Zionism," wrote the daily Al Bilad. A second newspaper, Okaz, stressed the importance the Kingdom has been attaching to ending conflicts among the Arab states.

Saudi officials and media have not commented directly yet on the assassination of Mr Anwar Sadat, the former Egyptian President, but the editorials appeared to suggest that Riyadh may now be interested in a reconciliation with Egypt.

Much would depend on the attitude of Egypt towards Israel and the future negotiations over Palestinian autonomy.

Mr Mubarak made friendly signals to Saudi Arabia when he urged the U.S. to sell the Saudis the five Awacs surveillance aircraft they had requested. Analysts here have linked a visit to Saudi Arabia this week by former U.S. President Richard Nixon to efforts by Washington to bring Cairo and Riyadh together.

Mr Nixon followed his Saudi visit, after Mr Sadat's funeral, with talks in Amman yesterday with King Hussein of Jordan. Mr Alexander Haig, the U.S. Secretary of State, declared in Cairo last weekend that he expected an improvement soon in Egyptian-Saudi relations.

According to reports in the Lebanese Press, Egypt might eventually embrace a plan for a Middle East settlement which was offered last August by Saudi Crown Prince Fahd. The reports said the plan provided the only alternative to the deadlocked negotiations between Egypt and Israel on the proposed Palestinian autonomy.

Reuter adds from Tokyo: Japan and the Palestine Liberation Organisation (PLO) yesterday appeared to be edging towards common ground on a Middle East peace settlement based on an eight-point Saudi Arabian proposal.

Mr Yasser Arafat, the PLO chairman, said in a television interview that the Saudi proposal made in August was "a positive step and a very important platform for a solution of Middle East peace problems."

Sudan threatens 'preventive war' on Libya

PRESIDENT Gaafar Mohamed Numeiri of Sudan predicted yesterday that Libya would try to invade Sudan, and threatened to forestall the attempt by a "preventive war." He also said that the U.S. Secretary of State Mr Alexander Haig had assured him Washington would not allow anyone to undermine his pro-Western regime.

President Numeiri told American journalists Sudan would join in joint military exercises next month with the United States, Egypt and some Gulf nations.

In Khartoum, the Sudanese news agency said the U.S. has agreed to supply Sudan with military equipment "very urgently."

Sudan shares a short north-western border with Libya, which maintains about 12,000 to 15,000 troops in Chad, to the west of Sudan.

Libyan troops supporting the Government of President Goukouni Queddei in Chad have been bombing Sudanese border villages in the west "daily" for the past two months, said Numeiri, whose forces actively support Goukouni's foe, former Chad Defence Minister Hissene Habre.

In another interview published yesterday by the Lebanese daily An-Nahar, President Numeiri raised the possibility of a "preventive war" with Libya.

"Defence in military parlance does not mean that we should be prepared to defend ourselves inside Sudan only, but it is possible defence could be best ensured by attack. I mean carrying the battle into Libya" he said.

But he stressed he had never brought up the question with the United States or Egypt.

The Syrian Government media yesterday widened their campaign against President Numeiri, and also against President Anwar Sadat's successor, Mr Husni Mobarak, Louis Fares reports from Damascus. Radio Damascus labelled Mr Numeiri a "traitor," and Mr Mubarak "his parallel." The radio accused Mr Numeiri of "preparing to wage a war against Libya, with the assistance of Egypt with massive help from the U.S."

Moscow's hopes rekindled after Sadat

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION has muted its hostile pronouncements against Egypt since the assassination of Mr Anwar Sadat and can now be expected to make a concerted effort to improve its ties with what was formerly its most important client state in the Arab world.

Although the Soviet authorities probably do not expect any immediate changes in Egyptian policies, they have decided to take advantage of any future change in Cairo's attitude, should it appear.

The Soviet warning to the United States against interference in Egypt, which was published on Monday in Pravda, the Communist Party newspaper, was almost certainly intended to be the basis for interpreting any anti-Soviet actions by the new Egyptian leaders in the coming months as the result of pressure by the United States.

This line has already begun to surface in reports from Egypt which have appeared in the Soviet Press.

Although Mr Hosni Mubarak, the Egyptian Vice-President, has pledged to continue the Camp David peace process, the Soviet Press has not criticised him, directing its remarks instead against signs of heightened U.S. military preparations in the Middle East.

The Soviet authorities denounced Mr Sadat as a "liar," "traitor," and "stooge of imperialism" but they may feel they have good reason to be conciliatory toward the new Egyptian leaders, although they appear ready to pursue Mr Sadat's policies.

The Soviets are believed to place a very high value on their levers of influence in Cairo. Their diplomatic presence was reduced by Mr Sadat last month to only seven.

Lacking diplomatic relations with either Israel or Saudi Arabia, the other members of the putative U.S. anti-Soviet "strategic consensus," the Soviet authorities are all the more anxious to have first-hand knowledge of the political currents in Egypt.

The desire to be influential in Egypt is heightened for the Soviets by the belief that the opportunity is there. Until last month, when Mr Sadat ordered them out of the country, the Soviet Union still had 1,000 specialists in Egypt working on the servicing of Soviet industrial plant built in the years of Soviet-Egyptian friendship.

In the late 1970s, more than 60 per cent of Egypt's factories had still been built by the Soviet Union, after 18 years of economic and technical assistance. Egypt is still believed to attach some value to Soviet assistance in the running of Soviet-built projects, including the Aswan Dam, and to deliveries of Soviet spare parts for equipment used by the armed forces.

Despite these factors, however, reconciliation with the Soviet Union is almost certainly a distant prospect, barring a radical chnage of government in Egypt. Mr Sadat's deep personal antipathy for the Soviets may have played a role in the formulation of his policies, but they were also based on a view of the danger of Soviet expansionism which others in the Egyptian Government could easily share.

The Soviet Union could re-establish itself in Cairo but only if the peace process with Israel goes so hopelessly wrong as to distract Egypt from the perceived danger of Soviet expansionism.

Five Year Plan to go to China's Parliament

By Tony Walker in Peking

China's Parliament, the National People's Congress, is expected shortly to endorse a new Five Year Plan to carry the Chinese economy through to the mid-1980s.

Xi Zhongxun, a vice-chairman of the National People's Congress standing committee, told Japanese visitors this week that the congress next month will probably consider the Five Year Plan and review the success of China's economic readjustment.

A major aim of the readjustment was to divert resources away from heavy to light industry and to agriculture. However, in recent weeks Chinese officials have told foreign visitors that cuts in heavy industry have gone too far, and that light industry needs to support the heavy industry for its development.

The Chinese have been working on the Five Year Plan for at least a year, but changes in economic policy over the past 12 months have delayed its publication.

The Vice Chairman said that discussions of economic issues and a report by Zhao Ziyang, the Prime Minister, on the economy will be the main items on the NPC agenda.

A readjustment of the national economy began in early 1979 after it was found that many industrial projects, particularly in heavy industry, had been started needlessly.

A further readjustment last year tightened up even more on new projects and several in which foreign companies were involved and were cancelled or postponed.

Meanwhile, People's Daily, the Communist Party newspaper, said in a front page editorial this week that China's industrial management system needed an over haul, especially on "improving management, and enforcing economic and labour discipline. Without these, the economic responsibility system would be ineffective."

The paper also pointed out that few of China's enterprises could be considered profitable by international standards.

According to a legal journal, laws dealing with income tax, contracts and the exploitation of mineral resources are also being prepared for presentation to the NPC.

Optimism from Botha on Namibia

By Our Foreign Staff

MR P. W. BOTHA, the South African Prime Minister, appears to have held out the possibility of current western efforts achieving an internationally acceptable peace settlement in Namibia.

Mr Botha said he expected forthcoming talks on the independence of Namibia to be more realistic than in the past.

But he told a meeting of his ruling National Party near Cape Town it would be unwise to speculate too much over a planned visit to southern Africa by the Western powers' contact group seeking a settlement in Namibia.

The contact group team, which will also visit Angola, is expected to be led by Mr Chester Crocker, U.S. Under-Secretary of State for Africa.

While declining to say how talks during the visit would progress, Mr Botha said: "It looks as if there are greater prospects that the central issues will be identified and approached on a more realistic basis."

He said several matters remained to be cleared up, such as the role of the Pretoria-backed Namibian internal parties in a settlement

Switzerland awarded slice of Nigerian capital contracts

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE FLOW of major construction contracts for the building of Abuja, the new federal capital of Nigeria, has continued with an award to Agence de Promotion et Financement Immobiliers (Aprofim) of Geneva for a hotel involving finance of £141.7m.

The hotel will be the Nicon Noga Hilton. It will have 1,000 rooms and a conference centre and be sited adjacent to the area destined to house the National Assembly, the Presidential Offices and the Supreme Court buildings.

The venture is being financed by two loans to the National Insurance Corporation of Nigeria, both of which are guaranteed by the federal Nigerian Government.

The loans are being provided by a consortium of banks led by the Banque del'Indochine et de Suez. The first is for FFrs 801m (£78.2m) and the second is for \$118.87m (£63.5m).

Although the engineering, design and construction is under the control of Aprofim, considerable work has been sub-contracted to Dragages et Travaux Publics of France because of the French credit.

The award of the contract testifies to the determination of the Nigerian Government to press ahead with Abuja despite lower oil revenues.

Europe's steelmakers unite over dumping action

BY ALAN PIKE IN TORONTO

THE EEC Commission is to be brought into discussions with the U.S. over threatened anti-dumping action against the steel industry.

European steelmakers, meeting at the International Iron and Steel Institute conference in Toronto, agreed yesterday that they should present a united front in the face of the declared intention of the American steel industry to revive the lawsuits at the end of this month.

A considerable number of European companies can expect to be named if the actions go ahead. But members of Eurofer, the EEC steelmakers' club, believe that it would be inappropriate for individual companies to try to get involved in negotiations with U.S. manufacturers or government departments.

Instead, the EEC Commission will be asked to make representations to the U.S. Administration on behalf of the European industry.

U.S. Steel and other leading American steelmakers say that they will resort to legal action because a trigger price mechanism introduced last year has failed to stem cheap imports

European steel producers are particularly concerned at the implication that they are the main cause of the U.S. current steel import problems—a view which was endorsed by Mr Frederick Jaicks, chairman of Inland Steel of Chicago, and this year's chairman of the IISI.

M Claude Etchegaray, chairman of Eurofer, said yesterday: "I do not consider that the U.S. has a big problem involving the European steel industry. The European share of the American market is still far below the levels of 1976-78 but during this time the share held by third countries like Spain and Brazil has risen substantially.

"If people want to have a war economy we will get one. But all that the European steel industry wants is a normal trade with the U.S. in which we can keep a normal share of the market.

The outcry against cheap imports to the U.S. was provoked when American producers saw figures for August, which showed that importers held 25 per cent of the market.

But Dr Dieter Spethmann, chairman of Thyssen, the leading West German steelmaker, stressed that nearly one-third of these imports consisted of tubular products where there is an acknowledged shortage of capacity in the U.S.

Alsthom wins Brazil deal worth £53m

By Terry Dodsworth in Paris

ALSTHOM-ATLANTIQUE, the French heavy engineering group, has signed a FFr 550m (£53m) agreement for the supply of a 350 MW coal-burning electricity generating plant to Brazil.

The project is a further illustration of Alsthom's export push in Latin America, where it recently won contracts in both Venezuela and Peru. It comes within the context of a government-to-government agreement with Brazil for co-operation within the coal industry, signed at the beginning of this year and specifying the transfer of French know-how for coal-fired stations.

The plant has been ordered by La Companhia Estadual de Energia Electrica (CEEE) for installation at Candiota in the State of Rio Grande do Sul. All the engineering is to be supplied by Alsthom, a subsidiary of the CGE electrical group, in co-operation with some of its own affiliates.

Alsthom says that the plant will be the largest of its kind of Brazil, and will strength links which go back to 1958 with the installation of two 10 MW stations. Three years ago, the French company won a further contract to supply two 160 MW generating plants which are in the process of being completed on the same site at Candiota.

The Candiota coal reserves are reckoned to contain about 8bn tonnes of fuel capable of supplying energy for 30 years at an installed capacity of 10,000 MW. Although the type of coal found on the site has required new techniques for successful exploitation, it is regarded as having an important role to play in the diversification of Brazil's energy supplies away from oil.

Under the global government-to-government agreement signed with the French, provision was made for FFr 1.8bn of financing, partly through export credits.

Our World Trade Staff adds: This contract is one of several Brazil has signed or is negotiating for coal-based power stations.

In March, the UK signed a memorandum of understanding with the Brazilian Government for coal development and this was followed by the award of contracts to Babcock International.

China secures Hong Kong bulk carriers orders

BY ANDREW FISHER, SHIPPING CORRESPONDENT IN HONG KONG

CHINA'S shipbuilding industry, reorganising itself to sell more in international markets, has won an order worth nearly \$40m (£21m) from Wheelock Marden of Hong Kong.

Wheelock is buying three bulk carriers of 18,000 dwt each. These will be chartered mainly to Norwegian shipowners.

The vessels will be built by Guangzhou Shipyard, which will also construct the engines under licence from Burmeister and Wain of Denmark.

Wheelock did not give a value for the cash deal, but said the Chinese terms were very competitive, even when seen against the softer trend for new ship prices.

If built in Europe, the three ships would probably cost up to a total of \$45m. But international shipbuilding experts reckon that China can build such ships at around 15 per cent cheaper.

Wheelock is already having two 27,000 dwt bulk carriers built at the Dalien yard in China for delivery in 1983.

The ships to be constructed by Guangzhou, are for delivery between the end of 1983 and September, 1984.

International shipowners and shipbuilders are becoming increasingly interested in co-operation prospects with China.

Tokyo bid to promote imports

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE JAPANESE Ministry of International Trade and Industry (MITI) has formed an internal committee to promote imports of manufactured goods and "important" industrial materials.

The committee will study the possibility of cutting tariffs on items of particular interest to Japan's western trade partners—such as those on whisky, biscuits and confectionery in the case of Britain.

It will also look at a range of Japanese domestic regulations that have been cited as non-tariff barriers to imports of manufactured goods. Drug inspection procedures and car certification procedures are cases in point.

Finally the MITI group will study ways of directly promoting imports by, for example, making greater use of the Export-Import Bank's trade financing facilities.

This forms part of Japan's effort to prevent its current account surplus rising above the \$7bn (£3.6bn) ceiling set for the current fiscal year in a recently approved government economic package.

At the time the package was announced, officials said privately that the surplus could easily hit \$10bn without "special" measures to promote imports. These measures are what Miti hopes to come up with during the next few weeks.

The committee will meet tomorrow for the first time and should finish its work by Christmas. This should allow for any specific measures to be implemented in time to influence Japan's imports during the final three months of the fiscal year (which ends on March 31, 1982).

Miti, or at least its trade-related bureaux, are known to be in favour of accepting British demands for the lowering of the high Japanese tariffs on Scotch whisky and on biscuits and sugar confectionery.

Other Ministries such as Finance and Agriculture have strongly opposed such moves but Miti could probably bring considerable weight to bear on them if it chose to.

Japan is particularly concerned to find ways of preventing its trade surpluses with the U.S. and Western Europe reaching levels that would result in protectionist lobbies gaining control of trade policy in the West.

Not all the "extra" imports which Miti hopes to promote will, however, come from other developed countries. Some will consist of metals and other strategic materials to be imported from the developing world.

Japan and EEC move towards confrontation over trade surplus

BY GILES MERRITT IN BRUSSELS

JAPAN AND the EEC may be moving from conversation to confrontation over the highly-charged issues of Japan's persistent and growing trade surplus and the damage being done by its exports to Europe's recession-hit industries.

Instead of talking with one another, the Japanese Government and the European Commission are by contrast talking at one another. And as each side exchanges prepared statements with rebukes, the atmosphere of impatience that may lead to trade war deepens.

This week, Japan's mask of politeness slipped. To describe the reactions of a group of eminent Japanese business leaders to the distinctly hostile reception accorded them in Brussels a few days ago, a Japanese diplomat was forced to resort to extremely un-Japanese language.

The heads of giant corporations like Nissan, Hitachi, Mitsui and Mitsubishi, and of financial institutions like the Bank of Tokyo and C. Itoh, were, he said, very angry.

They resented particularly a tough formal statement criticising Japanese commercial policies that had been issued to them by UNICE, the European umbrella organisation grouping employers' federations. They found the statement, he went on, "somewhat childish," "impolite," "not very constructive" and, indeed, downright "counter-productive."

Possibly this was temporary pique at the way in which a high-powered mission, whose task was to pave the way towards greater industrial investment by Japan in Europe, instead found itself the target of a diplomatic offensive. More probably it is a symptom of the stresses making Japan-EEC trade relations worryingly tense.

As the EEC's trade deficit with Japan climbs to an estimated \$15bn for this year from \$12bn in 1980—despite voluntary pacts restraining car exports—tempers in Brussels are becoming short.

The EEC's import-export cover ratio with Japan has sunk to only 35 per cent, and all the Commission has to show for the past five years of protracted trade talks with Tokyo is a discernible drop in Europe's sales of manufactured goods to Japan.

Manufacturers make up only 21 per cent of the Japanese import bill this year, against 25 per cent in 1978, while 44 per cent of Europe's imports are made up of manufactures.

The pressures inside the EEC for protection to give European industry a "breathing space" during which it could restructure and regain its competitive edge are becoming inexorable. With no clear end in sight to the present recession, the bill for Japanese export success is now being measured by many European Governments not in dollars but in unemployed workers.

Herr Wilhelm Haferkamp, the EEC's External Affairs Commissioner, last week warned Japan that unless it acted quickly to stem its flooding exports "the prospect of a growing long-term market for your goods in Europe may not be realisable."

He meant, and with uncharacteristic bluntness he went on to say as much, unilateral import controls would be imposed by the EEC on motor cars, electronic equipment such as TV sets, and machine tools.

Herr Haferkamp's threat was issued to the delegation of 22 Japanese business chiefs currently touring EEC capitals. Once the smarting produced by his undiplomatic slap wears off, they may decide themselves that to brake their export drive would be in everybody's interest. It is even possible that Japan's Prime Minister Mr Zenko Suzuki sent them to see for themselves how serious the position has become.

Yet at a government-to-government level, the process of negotiation seems to have turned sour. Japan had been due to take part this autumn in special "trilateral" trade talks in New York — a new departure in which the Tokyo Government, the U.S. and the European Commission on behalf of EEC member governments could thrash out the interlinked problems of the three major trading blocs.

Although it has not closed the door on such three-cornered talks Japan seems increasingly reluctant. Behind a screen of procedural objections and wranglings over the precise nature and status of the talks, Japan is making it plain that they should not constitute binding negotiations at which the U.S. and the EEC could concert restrictions on Japanese exports.

The absence of any ministerial talks to defuse the worsening trade tension could lead to increased support for protectionist measures, even in EEC states such as West Germany and The Netherlands which have in the past resisted such moves.

Without a major shift in Japan's trading pattern, however, the situation is certain to deteriorate. Japanese experts in Brussels point out that mere modifications to the rate of Japanese exports could not prevent the trade gap from widening further.

Even depressing Japan's export growth to the EEC to 3 per cent next year and boosting the EEC's exports to Japan by 10 per cent would yield a larger deficit, because the overall volume of Japan's sales is so much larger than that of its purchases.

Confusion over Japan's attitude towards the planned U.S.-EEC-Japan trade talks increased yesterday when both the Foreign Ministry and the Ministry of International Trade Industry in Tokyo denied the report that Japan would not take part.

But questions remained over Japanese tactics, not least because of the habitual rivalry between the Foreign Ministry and MITI, over who should represent Japan. At the EEC in Brussels it was made clear that Japan was dragging its feet and appeared reluctant to attend any meeting in November. The talks, designed to soften trade frictions and anticipate problems, could take place next year rather than this year. There has already been one postponement.

Herr Wilhelm Haferkamp—mouthpiece of the EEC's discontent

Metropolitan councils fight Heseltine's curbs

BY ROBIN PAULEY

THE ASSOCIATION of Metropolitan Authorities yesterday launched a campaign against the Government's proposals to introduce legislation to curb their rating powers and to force them to hold referendums before they can spend more than a centrally determined amount of money each year.

Advertisements asking "What is Whitehall up to behind your back?" will appear in national newspapers today. The campaign will follow up with further national and local advertising and local campaigns.

More than half of the 77 AMA authorities have committed £10,000 each to the campaign. The AMA Conservative controlled councils have refused to contribute. But the campaign, which is designed to be non-political, has attracted some Tory support.

A number of strongly Conservative controlled members of the Association of County Councils are understood to be considering financial contributions to the AMA campaign.

The Conservative controlled ACC and the Association of District Councils are not officially joining the campaign but are planning to oppose the legislation.

Mr Jack Smart, chairman of the AMA and leader of Wakefield Council, said the Government was proposing constitutional changes which would put an unprecedented amount of power into the hands of ministers.

Central government would be given the power to veto the wishes of the electorate as expressed in local elections.

Mr Smart said that Mr Michael Heseltine, Environment Secretary, was claiming that local government had broken the traditional relationship between central and local government, and that the Government had always had the accepted right to determine the overall total of local government expenditure.

But that traditional relationship had never existed.

Local government had always had ultimate freedom in its rate-setting powers. The traditional relationship with central government had never gone further than local government's agreement to discuss in general terms what might be a suitable total of expenditure.

Treasury acts on criticism of estimates

BY OUR LOBBY CORRESPONDENT

THE TREASURY yesterday went some way towards meeting the Treasury Select Committee's proposals for making the annual estimates of public spending more comprehensible. It agreed to make some changes in the way the estimates are presented in future, and said it would "bear in mind" the committee's request for more information about the price and volume assumptions implicit in the figures.

But the Treasury stood by its earlier refusal to provide a formal and systematic breakdown of price and volume changes. It assured the committee, which put particular emphasis on this point in its report, that where it was possible to indicate the assumptions used without being misleading, this would be done.

But it stressed that under the new system of cash planning, the provisions sought for particular categories of expenditure might *"reflect broad judgments rather than agreed assumptions about prices and volumes."*

In its report on the form of the estimates published this summer the Treasury committee was highly critical of the way in which the estimates were presented each year. At present, it said, understanding the estimates was a "formidable task," which required a great deal of investigative work.

The Treasury, in agreeing to most of the committee's proposed changes, said that in future an introductory note would be added to each vote to *set it in context.*

At the same time a breakdown would show figures for the outturn of expenditure in the last completed year, the amount sought for the current year, and for the year ahead. A forecast for the current year for the vote as a whole will be included.

De Lorean issues seven libel writs

FINANCIAL TIMES REPORTER

LIBEL WRITS had been issued against seven defendants on behalf of Mr John De Lorean and the two companies he heads, his solicitors in London, Goodman Derrick and Co, said yesterday.

The solicitors said the defendants were Mr Nicholas Winterton, Conservative MP for Macclesfield, two employees of the De Lorean company—Miss Marion Gibson and Mr William Haddad—journalist Mr John Lisners, Mirror Group Newspapers, the BBC and ITN.

The solicitors' statement added that the claim against Mr Winterton "in no way arises out of the performance of his duties as a Member of Parliament, but relates solely to his broadcasting to the world at large untrue, unsubstantiated and gravely damaging allegations."

Mr Winterton, who is attending the Conservative Conference in Blackpool, said: "I have no comment to make. The matter will be handled by my solicitors, but I have as yet received no writ.

"I have received a communication from their (De Lorean's) solicitors but there was no threat of a writ in that and the matter, if any legal action is taken, will be dealt with by my solicitors."

Issue of the writs follows the decision by the Director of Public Prosecutions to end the public inquiry into allegations of financial irregularities at the De Lorean company which set up a sports car plant in Belfast with the backing of £80m of UK Government money.

Attack on adverts that mislead unemployed

By Michael Thompson-Noel

Con-men whose advertisements mislead the public have been censured by the Advertising Standards Authority.

It says the advertisements are causing particular anguish to the unemployed, and cites examples of people applying for jobs they can do at home who are told they must pay for more information.

"The authority is concerned to ensure that false hopes are not raised in the hearts of a very vulnerable group of people by recruitment on homework advertisements which fail to give the required information, and which sometimes even appear designed to mislead," the ASA says in its latest case report, published today.

Such advertisements must not imply job vacancies where none exist, it says, and must include proper descriptions of the scheme and rewards applicants might expect.

The report also highlights complaints from the public about unacceptable slimming claims, fare deals for air, sea and rail travel, and unlimited money claims.

A complaint involving British Airways' Standby flights was partially upheld, and there were several complaints against British Rail, some of them upheld.

Metro notches up £500m of sales

BL LAUCHED its life-saving Metro a year ago today, and during the past 12-months the little car has notched up sales worth £500m at retail prices.

The group has compiled a long list of achievements claimed for Metro but significantly omitted the fact that BL was able to squeeze three price increases into the year. These pushed up the cost to the motorist by about 11 per cent.

The base Metro was launched at £3,095 and now costs £3,448. The top-of-the-range Metro 1.3 HLS was introduced at £4,296 and now has a list price of £4,749.

Another export post for former civil servant Ken Cotterill

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

BRITAIN'S power engineering industry has recruited its second senior civil servant in 18 months to help it to win major export orders.

Northern Engineering Industries has hired Mr Ken Cotterill, former deputy head of the Export Credit Guarantee Department, as a part-time adviser.

Mr Cotterill has taken on three other export advisory posts since he retired in June.

The first civil servant appointed in the power engineering industry was Mr John Lippitt, now 52, who resigned early last year from the Department of Industry, where he was a deputy secretary, to become full-time exports director of GEC.

That appointment reopened the controversy about senior civil servants being hired by companies, either during their career or on retirement, to carry on work linked with their government duties.

The Commons Select Committee on the Treasury and Civil Service examined the matter earlier this year. It recommended that controls over appointments should be tightened and that information about the Government's vetting of appointments should be made available to Parliament, but no changes have been introduced.

Mr Cotterill's other three posts, all of which were cleared with the Government, are: a non-executive directorship of Tarmac International; a consultancy with Barclays Bank International (soon to be officially announced); and the deputy chairmanship of Commercial and Political Risks Consultants, a new subsidiary of the Hogg Robinson insurance broking group.

Together these appointments are believed to bring him an income in excess of £20,000 a year. When he left the ECGD at the compulsory retiring age of 60, he was earning about £22,000 a year. He now has a Civil Service pension geared to this salary.

He has been hired for his expertise in handling foreign financial packages and in building contacts with foreign governments. Apart from being the ECGD's deputy head, he ran its project group from 1970.

At NEI he is to be a non-executive director of the group's international subsidiary. The company wants to build up its export orders, particularly package deals like a $550m Hong Kong power station order recently won by GEC. Mr Lippitt played a significant role in negotiating that contract.

Men and Matters, Page 24

Sale of Ronson business goes through

BY JAMES McDONALD

THE RECEIVERS of Ronson Products, Mr Brian Larkins and Mr Mark Homan, of Price Waterhouse, yesterday completed the sale of the business of the lighter and electric *shaver manufacturer to Fairsan,* an associated company of Cavwain, at an undisclosed price.

The Receivers, appointed by Barclays Bank, also announced that Cavwain had contracted to buy Ronson Products' subsidiary in Australia and that completion of this sale would take place as soon as "certain formal consents have been obtained."

Ronson Products' main UK factory at Leatherhead is being offered for sale, and Cavwain announced yesterday that all manufacturing there would cease "in the near future."

Lighter and blowtorch *assembly will be transferred* from Leatherhead to Ronson's second British factory at West Chirton, Tyne and Wear. The gas filling plant at Leatherhead will also be moved to West Chirton.

Cavwain said the West Chirton workforce of 120 would eventually double, but 300 jobs will be lost at Leatherhead.

Ronson Products' headquarters will be moved from Leatherhead to Ronson House in the Strand, London.

Cavwain said yesterday it "intends to increase the product range by licensing manufacturers to produce products under the Ronson brand name for home and export." Two weeks ago, Ronson Corporation of the U.S., then the parent company of Ronson Products in the UK, said it had agreed in principle to sell some of its subsidiaries in Canada, Mexico and Italy to Cavwain for £1.6m. Cavwain said the deal gave it the right to use the Ronson name anywhere except in the U.S. and its territories.

Beatrix Potter first fetches £2,700

SALEROOM

BY ANTONY THORNCROFT

A COPY of the first book illustrated throughout by Beatrix Potter, F. E. Weatherley's A Happy Pair, published in 1890, sold for £2,700 at Sotheby's yesterday to the London dealers Somerville and Simpson. A first edition presentation copy of Tale of Peter Rabbit, written and illustrated by Beatrix Potter, went for £1,000 in the same sale of children's books. A miniature Bible, 78 mm by 51 mm, printed in 1701, was bought by Quaritch for £1,100.

In the Islamic sale Maggs paid £8,000 for a Persian manuscript of 183 leaves by Firdausi, probably produced in Baghdad around 1450. A series of 199 watercolours of Turkish costumes produced for European travellers in the late 18th century went for £6,500 and an early 16th century Ottoman manuscript of 349 leaves, for £5,500.

The National Gallery of Ireland paid £7,060 at Christie's yesterday for four watercolours by the Irish artist Mildred Anne Butler, who died in 1941. The sale was devoted to her watercolours, plus 13 works by her father, and totalled £131,159.

National Savings limit raised to £5,000

By Tim Dickson

SAVERS will be able to buy up to £5,000 of Index Linked National Savings certificates from next Monday, it was announced yesterday. The decision to increase the present maximum holding of £3,000 is part of an effort to boost funds administered by the Department for National Savings on behalf of the Government.

Recent interest rate changes have left National Savings looking uncompetitive and with this in mind the department added yesterday that a new issue of non-index linked certificates will be announced in the middle of next week.

The present 21st issue gives a compound annual return of 9.02 per cent free of all taxes if held for a full five years. This is still enough to interest high rate taxpayers, but there are now many better alternatives. The issue apparently did not sell well in September.

Index linked certificates have been available to everyone regardless of age since September 7. Sales in the subsequent five weeks averaged about £46m—more than twice the weekly average in the previous two months but less than initial responses when the age limit was reduced from 65 to 60 and from 60 to 50.

The Government is clearly hoping that by raising the maximum holding to £5,000 it will attract more money from older savers who already have their current maximum of £3,000. In particular it is felt that older people looking ahead to retirement are more likely to be attracted by index linking than a younger person saving for a house.

In the first five months of the 1981-82 financial year National Savings pulled in net new funds of £1.76bn. The target for 1981-82 was recently raised to £3.5bn

Although the department is half way to the target, net receipts have tailed off from the unusually high levels seen in April and May.

The Department has already announced that from November 1 the rate of interest paid on the National Savings Bank Investment account is to go up from 13 to 14.5 per cent.

UK NEWS

Unions prepare to fight BA pension cuts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A CHANGE in British Airways' pensions plan, designed to save the airline more than £13m a year, *is threatening to bring the* airline to a standstill.

The pension proposals are part of BA's money-saving retrenchment programme, which already is resulting in substantial staff reductions, aircraft and property sales and cuts in routes and overseas stations.

Hitherto, employees have retired on both a British Airways' pension, equivalent to up *to two-thirds* of salary in the best two of the employee's last three years of work, plus the State pension of about £2,100.

Now the airline is suggesting that it should cut its own contributions to the pension plan *so that the net pension will be* reduced by about £2,000 a year, or the equivalent of the State pension.

At the same time, individual employee's contributions would be reduced by about £150 a year. The scheme has about 46,000 members.

Currently, BA puts about £67m a year into the pension fund, with the employees contributing about £25.5m. BA wants to cut its contributions by about 20 per cent, or about £13.5m a year.

The plan has been put to the uuions, and has immediately run into fierce opposition.

A special union committee has *been set up to fight the plan,* and one committee official said yesterday: "If this goes ahead, it will grind the airline to a halt. We are not having it, and we are setting up a massive campaign to fight the proposals. Under no circumstances will we have pensions eroded."

The trade unions involved intend to consult MPs, and the campaign will involve discussions with the management.

In the meantime, the airline *says that* tover 7,500 personnel have already sought voluntary severance under the scheme to cut staff by 9,000 to 43,000 and the numbers are still rising. The deadline for the voluntary severance scheme is Friday.

Staff *wanting* to leave are spread throughout the airline, from middle management and flying staff to engineering workers and administrative personnel.

BA's problem will now be to decide whom it will allow to go, to ensure that departments are not denuded of staff to a point where they can not function efficiently.

The management's primary objective will be to release as many as possible of those who want to go, but there are bound to be some it will try to retain, at least for a brief period, in the interests of maintaining smooth operations.

Christine Moir writes: The airways pension scheme has a deficit of £20.6m based on the actuarial calculation carried out in 1979. The British Airways board agreed to make up *this deficit last* year by means of annual instalments, but the latest decision now overrides that promise.

Meanwhile, the proposed redundancy plans for British Airways are also putting strain on the nearly £1bn pension fund. Contributions from the remaining staff are smaller and early retirements enable former employees to take part of their pension as a lump sum.

Future of Prestwick airport 'assured' despite cuts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PRESTWICK AIRPORT, Scotland, which is owned and run by the British Airports Authority, will continue to be one of *Britain's* major long-haul international "gateways" despite British Airways' plans to cut its services through the airport.

***The Airports Authority* has no intention of transferring Prestwick's long-haul traffic to other airports at Glasgow and Edinburgh.**

Dr W Gordon Watson, director of the Airports Authority's Scottish Division, *said that* the British Airways' decision, which is part of the airline's programme, "is not the death knell for the airport or for direct trans*atlantic services from* Scotland."

Other airlines had announced schedules from Prestwick that more than made up for the loss of the British Airways' services. Air Canada was flying to Toronto *via Prestwick, while* Northwest Orient was flying to New York, and Laker Airways was waiting for a Civil Aviation Authority decision on a bid to *fly between Prestwick and* New York and Toronto.

The Airports Authority said the most economic position for the foreseeable future was to continue to operate all three Scottish airports as complements to each *other.*

The cost of developing Glasgow and/or Edinburgh to cater for wide-bodied, long-haul aircraft "would be *significantly more than the* £40m estimated in 1978, and there is no justification in spending this to duplicate facilities already existing at Prestwick."

Mr Alan Devereux, chairman of the Scottish Tourist oBard, *said the BAA* statement reinforced the need for a concerted campaign to develop Prestwick airport, based on the introduction of *new scheduled* flights, new overseas trade missions and the development of rapid transfer land links

Why the Woolwich has opted for the 15% solution

Andrew Taylor explains the background to the move to a standard mortgage rate at one building society

WOOLWICH EQUITABLE has stolen a march on other building societies with its decision to switch to a standard 15 per cent mortgage rate *for* home loans. The battle between societies and the clearing banks for mortgage business is now on in earnest.

The struggle threatens to widen divisions within the building society movement. Already there is pressure from some societies, including Abbey National and Provincial, to allow societies greater flexibility to establish home loan rates outside, and possibly below, the minimum recommended mortgage rate, currently at 15 per cent.

These societies are clearly unhappy with the present recommended rate system which attempts to strike a balance between investment and mortgage rates. The movement has to a great extent already gone its various ways in offering borrowers and investors a wide variety of savings and mortgage schemes commanding higher rates of interest.

now is the time for a goodwod

The fundamental problem is how to reconcile the needs and aspirations of individual societies which have different investment and lending profiles within a recommended "minimum" rate system which runs the risk of satisfying nobody.

Divisions among building societies about interest rate structures have been apparent for some time. But the gap between all societies, not just the large and the small ones, appears to have widened with the latest hike in the base mortgage rate to 15 per cent.

Some, like the Provincial, were in favour of an increase to about 14.75 per cent, others wanted 15.5 per cent. The need to maintain a rate attractive to investors, and yet realistic in a depressed housing market, has proved difficult.

In the event a base mortgage rate of 15 per cent leaves societies marginally less competitive with banks like Williams and Glyn's and Lloyds for smaller loans and at a clear disadvantage with the banks on larger loans.

Equally an ordinary share investment of 9.75 per cent, equivalent to 13.93 per cent gross for an ordinary rate taxpayer compares with up to 14.5 per cent gross being offered for seven day money by the banks.

While building societies have been arguing among themselves, the clearing banks have been capturing an increasing share of the mortgage market. The Building Societies Association estimates that banks are currently providing between a quarter and a third of new mortgage money.

Banks like Williams and Glyn's, National Westminster, Barclays and Lloyds already operate a standard mortgage rate for all home loans and have been extremely competitive with building societies, many of which charge extra interest for loans above £15,000 although for some the threshold is as low at £12,500.

The Woolwich has now decided to meet this challenge by providing a standard home loan rate of 15 per cent for borrowings up to £37,500. Interest charges for loans of more than £37,500 will be open to individual negotiation. Endorsement mortgages will be a standard 15¼ per cent.

The deal means that instead of paying an interest charge of 16.5 per cent on loans of more than £25,000, borrowers with the Woolwich will be paying a standard 15 per cent.

Other societies may find it more difficult to match terms being offered by the Woolwich without eating into their reserves. The Woolwich holds a slight advantage in that it has been exposed for less time to the *effect of higher differential* mortgage rates.

It also introduced some of the higher yielding investment vehicles later than did some *other societies. For this reason* it is easier for the Woolwich to afford a standard 15 per cent.

For example Nationwide—the country's third largest build*ing society and one of the* pioneers of high yielding building society term shares for investors — would need to establish a standard mortgage *rate of at least 15.3 per cent if* it were to balance its lending and investment portfolios. Abbey National would need a standard rate of about 15.25 per *cent.*

Abbey National, like Nationwide, is not in favour of a standard rate for all mortgages. It believes the differential *system has helped borrowers at* the cheaper end of the housing market, particularly first time buyers. A switch to a standard rate would in the long term *make these loans more expen*sive.

Mr Donald Kirkham, deputy chief general manager of the Woolwich, believes that the new *scheme is much fairer to bor*rowers, particularly those in regions where house prices are higher and therefore need to borrow larger sums. About 70 *per cent of Woolwich's mortgage* business is in the South East where house prices are high.

So far no other society has followed the Woolwich's lead, *although Halifax, the country's* largest building society, is thought to be seriously considering a similar move.

Royal Bank executives argue case on merger

By William Hall, Banking Correspondent

***TOP EXECUTIVES of* the Royal Bank of Scotland Group go before the Monopolies and Mergers Commission today, probably for the last time before the commission makes up its mind about the two rival bids for Scotland's premier bank.**

Last March, the Royal Bank of Scotland Group, which includes Williams and Glyn's, the English clearing bank, announced plans for a £320m merger with Standard Chartered Banking Group. Shortly afterwards, the Hongkong and Shanghai Banking Corporation announced a rival bid for the Royal Bank, and both bids were referred to the commission on May 1.

Early last month, the commission was given a three month extension for its investigation and is now required to make its report by January 31, 1982. The commission visited Scotland for two days last month and took evidence from a variety of interested parties, most of it hostile to the Royal Bank's planned merger with Standard Chartered.

On September 22, Hongkong and Shanghai Banking Corporation went before the commission for a second time and the following day Standard Chartered was questioned again. It is not ex*pected that they will be asked* back to give further evidence, and following today's testimony the commission is expected to settle down and write its report.

New chairman for Scottish bankers

Mr Bruce Patullo, treasurer and general *manager of the* Bank of Scotland, has been elected chairman of the Committee of Scottish Clearing Bankers.

Mr Patullo, aged 43, joined* the bank in 1961. In 1971 he was appointed the bank's investment manager and in 1977 he became chief executive of *the British Linen Bank.

Lightweight Railbus starts service trial

BRITISH Rail starts passenger service trials with its lightweight Railbus this morning between Bristol and Severn Beach, the "Avon link" line.

The Railbus is based on a Leyland National bus body and a chassis and wheels designed and built by British Rail Engineering at Derby.

Caterpillar to shed another 800 workers

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

*CATERPILLAR, the heavy con*struction equipment group yesterday anouuced plans to shed 800 of its 2,300 workforce at Uddingston *outside* Glasgow.

About a month ago the company said it needed to cut the 2,000 workforce at its Newcastle plant by about 700.

The U.S.-based group blamed the world-wide decline in demand for bulldozers and heavy earth moving vehicles.

The cutback in Scotland is largely *due to the decision not* to produce the new D-8L crawler tractor in Britain.

The Uddingston works produce the D-8K tractor together with two less widely sold models, the 977 track loader and D-6 crawler.

Crawler tractors are usually known as bulldozers although the name *refers only* to the large blade used to move earth.

Caterpillar's Newcastle plant produces several accessories including the large blade and the ripper which is towed behind a crawler to break up earth. Most of its production was fitted to crawler tractors made in Uddingston.

The new model will now be produced solely at the Caterpillar works around the Peoria, Illinois company headquarters.

The machine is radically different in design. This would have meant extensive re-tooling for production in Scotland and *this was* not justified by demand.

According to Caterpillar engineers the new model will make its predecessor obsolete. The crawler track on the D-8L has a triangular configuration with an extra tension wheel to make servicing simpler.

The company said it hopes to lose 800 staff through a programme of voluntary redundancies and early retirements. If these did not meet the target figure, the factory would have to go over to short time work next year.

Caterpillar's Newcastle works report 450 voluntary redundancies against a target of 700.

● The Nottinghamshire knitwear group Albert Martin Holdings yesterday announced another 200 redundancies in its Sutton-in-Ashfield division, in Nottinghamshire.

The company announced last week that 98 jobs were to go at its knitwear factory at Sutton-in-Ashfield. The further 200 jobs losses will be in its underwear factory in the town. The company said that 50 full-time workers would be offered re-employment in another division.

● Shoe company S. D. White is to close its components factories at Higham Ferrers and Little Addington in Northamptonshire, because of a drop in orders. The closures will put 28 workers out of a job.

Glaxo launches competitor to stomach ulcer drug

BY DAVID FISHLOCK, SCIENCE EDITOR

GLAXO HAS launched what it claims to be the first direct competitor to the stomach ulcer drug introduced by Smith Kline and French in 1976.

The new Glaxo drug, Zantac, is a quite different chemical with the same basic action for arresting the release of acid in the stomach.

The Smith, Kline and French drug, Tagamet—the first to promote rapid healing of gastric and duodenal ulcers by treating the cause—fulfilled an important need in drug therapy, as is indicated by earnings for the drug exceeding £300m last year.

Dr David Jack, the Glaxo group's director of research, believes Tagamet was "probably the most important drug of the 1970s."

But Dr Jack claims Zantac is a more potent drug, yet free from some of the side-effects that occasionally occur with Tagamet.

"The company opened up a new area and we're going to operate in it. We think the prospects are good," says Mr Paul Girolami, Glaxo chief executive.

Mr Girolami points to Japan as one large area of the developed world which has not yet approved either of the new drugs.

Glaxo executives say it is a different chemical, with certain significant advantages over Tagamet, notably in the specificity of its action.

They estimate it has cost Glaxo more than £30m since 1968 to discover and develop the drug, carry out clinical trials in 20 countries and prepare for its manufacture at Montrose in Scotland and in Singapore.

Zantac is a treatment for two different diseases, peptic (stomach) and duodenal ulcers.

Men are four times as likely as women to suffer from either *disease. But the duodenal* ulcer tends to affect younger people than the gastrict ulcer.

The latest clinical studies on Zantac, presented at a medical conference organised by Glaxo in London last week, included evidence of ulcer healing rates of up to 90 per cent within four weeks.

Glaxo's drug aims to beat the stomach ulcer, Page 14

APPOINTMENTS

Two board posts at Babcock

Mr R. H. Campbell, managing director of Babcock Power, and **Mr E. A. Madenski**, managing director of Babcock Industrial and Electrical Products, have been appointed directors of BABCOCK INTERNATIONAL.

★

Mr J. A. Paterson has resigned as director of GLYNWED.

★

Alpine Holdings has appointed **Mr George Warwicker** as managing director of its fitted bedroom furniture subsidiary, ALPINE DREAMLINE, in succession to **Mr Z. Ziv**, who has resigned to pursue his private business interests.

★

Mr Andrew Harley has been appointed as the HEALTH AND SAFETY EXECUTIVE chief inspector of mines and quarries from January 1, replacing **Mr Joe Marshall**, who is retiring.

★

Mr M. B. Harrison has become chairman of the HYDRAULIC PRESS MANUFACTURERS' ASSOCIATION in place of **Mr M. E. Lee.**

★

Mr Alan Woods is to become chairman of the NATIONAL LAW LIBRARY in place of Mr David Andrews, who is to retire. **Professor Colin Campbell** will be managing director.

★

Mr Joe Wilkinson has been appointed finance director of ALFRED HERBERT. He was formerly group financial director with Eurotherm International.

★

Mr Mark C. Blacker has been appointed vice-president and *general manager (UK and Ireland)* of AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION. He joined the group in London in *1974 and later became general* manager for Korea in Seoul.

★

Mr John Waterlow has joined JARROW PRINTING, Norwich, as sales director. He was previously with Burrup Mathieson.

★

Mr J. E. Boyd and **Mr J. C. Stormonth Darling** have become director of the SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY.

First jointly built Harrier fighter ready this week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE FIRST AV-8B Advanced Harrier jump-jet fighter, built jointly by British Aerospace and McDonnell Douglas of the U.S., will be rolled out on Friday at St Louis, Missouri.

This will be the first of four "full - scale - development" (FSD) aircraft, to be used in the AV-8B test flight programme.

These four will be followed by 336 aircraft for the U.S. Marine Corps and 60 for the RAF. Two prototype AV-8Bs have already flown. The first FSD aircraft flies this autumn.

The programme is expected to bring at least £1bn of work to the UK aerospace industry, both to British Aerospace, which is making 40 per cent of the air-frames, and to Rolls-Royce which will make up to 75 per cent, by value, of the Pegasus engines.

McDonnell Douglas will undertake the rest of the air-frames and Pratt and Whitney will make the remaining 25 per cent, by value, of the engines.

McDonnell Douglas will assemble all aircraft for the Marine Corps and British Aerospace will assemble those for the RAF. Parts made by each company will be shipped to the other's assembly line.

Work on the AV-8B is already building up in British Aerospace factories. The UK group has delivered six fuselages to McDonnell Douglas in St. Louis, and further fuselages are being built.

BAe's share of the work comprises the rear and centre fuselage, the centre-line pylon and the reaction control system which helps to maintain stability when the aircraft is hovering.

BAe is also responsible for developing and installing all major systems contained in this section of the airframe.

BAe has also contributed substantially to the overall design of the AV-8B, which has been evolved from the earlier version of the Harrier already in service with the RAF and Marine Corps.

One feature of the AV-8B is called a "leading edge root extension" (or Lerx) to the wings, which improves the aircraft's manoeuvrability, especially when turning.

Early production AV-8Bs will be for the Marines with the first aircraft being delivered in October, 1983.

The first FSD aircraft for the RAF will fly early in 1984 with delivery of the first production model in mid-1986.

Iraqi 'income tax' really a tax on freight, judge rules

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN "INCOME TAX" levied by Iraq on the owners of ships loaded at Iraqi ports, was in reality a tax on freight for which the charterers of the vessels were liable, the High Court has ruled.

Mr Justice Robert Goff, in the Commercial Court, reversed a finding of arbitrators htat a Swiss charterer Transcredit and Oil Trade Anstalt was not liable to reimburse $5,077 tax levied on A/S Brovigtank and I/S Brovig, Norwegian owners of the tanker Gunda Brovig.

The judge said the Gunda Brovig was chartered under a charter party in the Exxonvoy form. The charter party included a clause that the charterer should pay all taxes on freight.

Under Iraqi law, a tax, called income tax, was chargeable on the freight earned by all foreign vessels loading at Iraqi ports.

The owners of the Gunda Brovig were required to pay the Iraqi tax on the cargo, and claimed to be reimbursed by the charterer.

When the dispute went to arbitration, it was held that the "income tax" did not fall within the "taxes on freight" clause in the charter party.

The judge decided that, although called income tax under Iraqi law, it was in fact a tax on freight.

Counties call for stringent action on coastal pollution

BY LYNTON McLAIN

STRINGENT NEW pollution safeguards should be introduced to cover deck cargo lost overboard off the coast of Britain, the Association of County Councils said yesterday.

The call is a response to requests from counties, including Dorset, Hampshire, the Isle of Wight and Devon, for controls to force ships' officers to report the loss of cargo.

Tough measures were needed to protect the public, the beaches and the fishing industry, the association said.

The association has already made a case to the Trade Department that all vessels, not just those from the UK, should be required by law to report all losses of dangerous cargo.

IMCO, the Inter-Governmental Maritime Consultative Organisation has recommended a voluntary cargo-loss reporting scheme.

The tougher measures, recommended by the association's consumer services committee, include a suggestion that insurance cover for shipowners should include a requirement that lost cargoes should be notified.

Individual packages as well as main cargoes should be marked clearly for easy identification should they be lost overboard.

All cargo actually lost overboard, hazardous and non-hazardous should be reported.

The ACC wants the Trade Department to act as a central information clearing house and to give early warning of pollution threats to local authorities at risk. The Government should negotiate reciprocal reporting agreements with other countries.

Increase in number of merchant ships still idle

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

The tonnage of merchant shipping laid up around the world for lack of work increased by 2m deadweight tonnes in August, compared with July, the General Council of British Shipping said yesterday.

At the end of August, a total of 451 ships of 19.7m deadweight tonnes, representing 3 per cent of world tonnage, was idle. This compared with 425 ships of 17.6m dwt at the end of July.

Tanker tonnage dominated the ships without work, with 150 ships, 17.7m dwt idle, representing 5 per cent of world tanker tonnage. A total of 301 cargo ships of 2m dwt, 1 per cent of world dry cargo tonnage, was also idle.

In Britain, 3 per cent of the merchant fleet was laid up at the end of August, represented by 26 ships of 1.4m dwt, as at the end of July. Tankers accounted for 1.3m dwt (15 vessels or 5 per cent of the UK tanker tonnage), but only 11 dry cargo vessels were laid up, representing 1 per cent of UK dry cargo tonnage.

The GCBS yesterday also published figures for the general freight markets at sea, which show the continued decline in freight rates. The tramp time charter index for the third quarter plunged 47 points, from 221 in the second quarter to 174 in the third quarter. The index is now at its lowest for two and a-half years.

The tramp trip charter index for September fell from 172 in August to 154.

Both indices were on a base of 100 in 1976.

French to use co-operation award for student prizes

A FRENCH company which took over the former Marathon shipyard on Clydebank last year has won the 1981 Whitbread-Laurent Perrier Award for the promotion of Franco-British Co-operation.

The company, UIE Shipbuilding (Scotland), a subsidiary of France's Amrep group, specialises in offshore oil and gas engineering.

It plans to spend the £4,000 award, plus the same amount from its own funds, on setting up three annual prizes for students at colleges and schools.

Mr Hugh McCartney, MP for Dunbartonshire Central who nominated the company for the award, said UIE had restored confidence and morale in a town which had lost 10,600 jobs in the previous three years.

Competition grows in economies industry

By Maurice Samuelson

A GROWING number of British and foreign companies are competing to supply the British market for energy saving equipment and technology, said to be worth £1bn a year.

The second edition of a directory of suppliers, lists 574 companies, 30 per cent more than the first edition, published last year by Cambridge Information and Research Services in association with British Gas.

The companies are all manufacturers or exclusive distributors of energy saving equipment, and their numbers are increasing in spite of industry's lack of funds for investment.

Some 13 per cent of all product entries are manufactured overseas, although imports in the important waste heat recovery section account for 25 per cent.

British Gas Directory of Energy-Saving Equipment; 2nd edition; 200 pages; (CIRS, The School House, Heydon, Royston, Herts.): £9.50 post free.

'Risk of strain' if Britain joined EMS

BY DAVID MARSH

THE EUROPEAN Monetary System might be exposed to "fundamental strains" if Britain joined, according to Prof. Jacques Mélitz, a French academic who praises the performance of Europe's 2½-year-old currency stabilisation scheme.

In a lecture at the City University, Prof. Mélitz, from the National Institute of Statistics and Commercial Studies of Paris, said the relative success of the EMS so far was due to member countries' willingness to share burdens and to intervene to correct exchange rate instability before problems brewed.

In spite of worldwide financial turbulence and wide divergences in EEC inflation rates, there had been only two major and two minor realignments of the system since it started in March 1979.

The last one — involving the revaluation of the D-Mark and Dutch guilder and the devaluation of the French franc and Italian lira — came earlier this month.

Prof Mélitz said one reason why the EEC authorities had been able to keep exchange rates reasonably stable was because currency markets were highly uncertain about the future and tended to hedge rather than to speculate.

This meant that a country like France had to take less drastic interest rate tightening action to prevent its currency from weakening than it would need to if markets were speculating with a greater degree of certainty on a forthcoming devaluation.

Now that the pound has dropped from its high levels at the start of the year, he said, Britain might contemplate joining the scheme with a 6 per cent fluctuation band of the kind adopted by Italy.

However, then the scheme would embrace three of the world's five leading currencies —the D-Mark, French franc, and sterling. Keeping all these three aligned simultaneously might be much more difficult than maintaining stability between just two.

Engineering award goes to 'simple' innovation

By James McDonald

A NEW method of tunnelling, "brilliant in its simplicity" according to the judges, has won the inventor the £10,000 first prize in the Civil Engineering Innovation Competition.

The Unitunnel method invented by Mr M. A. Richardson of Marcon International uses a process similar to the way the earthworm moves within its burrow. It uses inflatable bladders as flat jacks between tunnel lining units to produce an overall forward motion.

A design of automatic crest gates for dams by Dr Paul Back and Mr Derek Wilden of Sir Alexander Gibb and Partners won the £5,000 second prize in the competition which was sponsored jointly by the National Research Development Corporation (now part of the British Technology Group) and New Civil Engineer, the magazine of the Institution of Civil Engineers.

FT offers financial data by computer

BY ALAN CANE

FINANCIAL TIMES Business Information (FTBIL) yesterday launched a new, computer-based financial service aimed at corporate treasurers, financial analysts, trust fund managers and businessmen involved with financial planning and analysis.

In collaboration with SIA, a leading computer bureau, it is offering a databank of currency and share index information based on FT's extensive financial files.

The databank contains currency data, including daily and monthly exchange rates, Eurocurrency interest rates and gold prices. It also holds the major international stock indices.

Powerful computer techniques devised by SIA allows the customer to select, retrieve and manipulate information from the databank using a computer terminal on his own premises.

Mr Alan Greenhorn, chief statistician at the FT and the architect of the new databank, said he believed no other organisation could provide the same range and depth of financial information, much of which was unique to the FT.

The chief competition for the new service are financial planning and forecasting offerings from the Henley Centre for Forecasting in collaboration with the bureau Comshare, and services from the U.S. bureaux DRI, Geisco and I. P. Sharp.

Mr Martin Aylward, managing director of FTBIL, said the company had decided to establish the database because the FT is widely regarded as the reference standard for international exchange and interest rate data, many organisations had been re-keying FT information into their own computer systems, and there was an identifiable need for more analysis of the information in the form *of time series and forecasts* from historical data.

The service costs a basic £400 a year together with a data bank usage charge. For unlimited access, the fee is £250 a month. Those who wish to run the FT/SIA tapes on their own computers will pay an annual fee of £6,000.

SIA, a subsidiary of the massive French computing services company CISI, was chosen because of its expertise in econometrics and database software, Mr Greenhorn said.

Forthright Stevas urges dissidents to speak openly

BY MARGARET VAN HATTEM

FORMER Leader of the Commons Mr Norman St John-Stevas yesterday made his most forthright, uncompromising attack yet on the Government. Abandoning the veiled allusions and coded hints that usually pass for dissent in the Conservative Party, he urged fellow dissidents to speak out.

"There is such a thing as loyal dissent," he told a packed fringe meeting. "What we must have in the party is a period of open debate, not in code but in language that everyone can understand."

Mr St John-Stevas's atack on what he saw as the extremism and economic materialism of the Government's present policies, his warning of electoral catastrophe and his call for a change in policies, represents the first of a battery of dissident speeches due to be made at fringe meetings throughout the week.

St John-Stevas: uncompromising

Judging by his reception, however, the dissidents are unlikely to find much active support at the grass roots. Questions were not allowed at the meeting and there was no heckling, but the applause was less than rapturous.

Mr St John-Stevas insisted he was not calling for a change in the leadership, nor a U-turn in policies.

"What is needed," he said, "is a modification of policies to take account of changed circumstances since we came to office—namely the deepening world recession, the unprecedentedly high U.S. interest rates and, above all, the dreadful surge of unemployment.

"To select a single economic end, the abatement of inflation, as the one to be pursued regardless of all other values is not only to turn politics into a gamble on ground which since the war has been marked by failure, but even worse it is to subscribe to a false and distorted view of human nature.

"Nothing, as Walter Bagehot said, is so unpleasant as a virtuous person with a mean mind. A highly developed economic nature and a very limited moral nature is of necessity repulsive. It represents a part of politics now in disproportionate, unnatural and revolting prominence."

Reduction of unemployment, he said, must become the Government's primary purpose. "If we say we can do nothing about it we will soon be pushed aside by those who will," he added.

"Let us have some sense of outrage at this conference about the truly horrific unemployment figures, and less of what is becoming callous chatter about a leaner, fitter British industry.

"You may be leaner but you are certainly not fitter standing in the dole queue.

"It is the duty and responsibility of government to create conditions in which people have the opportunity to work. If this means a moderate degree of reflation and the stimulation of some demand in the economy—so be it."

Whitelaw defeated by hanging lobby revolt

BY IVOR OWEN

A BLUNT REFUSAL by Mr William Whitelaw, the Home Secretary, to bow to demands that a Bill to restore capital punishment should be forced through the Commons brought him a stinging rebuke from the Conservative conference yesterday.

In a rare gesture of defiance, rank and file representatives decisively rejected his advice and defeated an anodyne motion on law and order.

In taking this course, they endorsed the view of the "bring back hanging" lobby that the conference managers should no longer be allowed to use vague motions to evade the central issue.

A passionate debate was marked by sustained applause for advocates of the reintroduction of capital and corporal punishment and boos for a speaker who called on the party to disown MPs who favour the repatriation of immigrants.

Mr Whitelaw met his critics head on by reminding them that it had long been established practice that the issue of capital punishment was one for the individual conscience of MPs to be decided by a free vote in parliament.

He said: "If this party is to go down the road of coercing its MPs, is it not rather extraordinary that, at the same time, it should be saying how wicked it is for the Left-wing of the Labour Party to do exactly the same?"

A shout of "Rubbish" momentarily halted the Home Secretary when he went on to argue for a more tolerant attitude to those who believe that the party has to show more evidence of its acceptance that Britain is now a multiracial society.

Mr Whitelaw stressed that after many years of service to the Conservative Party, the reception accorded to some of the speakers in the debate had caused him sadness.

Mr Whitelaw also went against the predominant view in the debate by making it clear that he hoped the courts would adopt a sentencing policy which would ease the present overcrowding in prisons.

The prisons, he said, should not be used as "dustbins" without any thought given to how offenders who were neither violent nor dangerous could be reformed.

One of the few passages in the Home Secretary's speech to win applause concerned the provision of water cannon, baton rounds and CS gas for use by the police as a last resort in riots.

Leading the "bring back hanging" demands, Mr Duncan Silvester from Crewe attacked those Conservative MPs who had put their consciences before the wishes of the electorate and their party.

He pressed the Government to arrange for an early debate in the Commons on capital and corporal punishment which, on this occasion, would be accompanied by a vote under a three-line whip.

To cheers, Mr Silvester said: "If some Conservative MPs cannot go along with this, they had better not stand for the Conservative Party at the next election."

Mr Michael Truman from Brentford was booed loudly when he urged the party to disown Conservative MPs who supported the repatriation of immigrants—a policy which was part of the programme of the National Front.

He cited the reception accorded to his own views as evidence of the need to "tackle the problem of racism within our party."

Mr Truman complained that those in the party committed to a multi-racial society had compromised too much in recent years.

Chairman calls for unwavering party unity

BY IVOR OWEN

IN HIS first speech to a Conservative conference as party chairman, Mr Cecil Parkinson called for unwavering support for the Prime Minister and continued backing for the Governments current economic policies.

Concern among the party hierarchy over the extent of the criticism recently levelled at Mrs Thatcher was repeatedly reflected in his speech which underlined the need for a convincing display of unity from the 5,000 representatives attending the conference.

Mr Parkinson opened the way for a rank-and-file tribute to the Prime Minister by emphasising that Britain's reputation for political stability was the envy of the world.

There were shouts of "yes" when he added that the only question in the minds of person after person he met overseas was "will they have the nerve to see the policies through?"

Mr Parkinson said those posing the question had looked at Mrs Thatcher and were reassured. "They are right to be reassured," he said amid cheers.

Mr Parkinson returned to his unity theme to make an appeal for a fair hearing for Mr Edward Heath when he speaks in today's debate on the economy.

Without mentioning the former Prime Minister by name he insisted that sincerely held differences of opinion were to be expected. "It would be awful if we even looked like a Labour Party conference, and no matter how we tried we could never sink to such depths."

Ashley Ashwood

SHOOTING STARS: Left—Mrs Thatcher, wreathed in smiles, is given birthday congratulations by party chairman Cecil Parkinson; Right—a conference-floor view of Mr Heath

Mr Parkinson was cheered when he accepted that criticism was justified over the Government's failure to present its policies and achievements in a way which made them more clearly understood by the public.

"I accept that criticism, and trying to find the answer will be one of my top priorities and that of every member of the Government," he said.

Mr Parkinson again highlighted the danger presented by the Social Democrats.

"They see themselves preventing a Labour victory. I see them as a vital component in such a victory."

He recalled that every Labour victory since 1964 had been based on a large Liberal protest vote. He believed a vote for the SDP-Liberal alliance would do the same.

"Those tempted by this alliance between the inexperienced and the discredited should remember this when the next election comes," he said.

Mr Parkinson drew on his experience as Minister for Trade to reinforce his judgment that government policies had set Britain on the right course.

He promised: "Britain is poised and ready to take advantage of the next upturn in world trade." Any sense of despondency and despair was totally misplaced.

"There is no question we have made a beginning in reversing our nation's economic decline. Nor can it be doubted that the time when our policies will begin to bear fruit is nearer than many people imagine."

Mr Parkinson forecast that when this point was reached the doubters would regain their faith and the deserters would return to the Conservative Party for refuge.

Borgias and friends at Parkinson's chat show

THE ATMOSPHERE was as thick with intrigue as the Palace of the Borgias as delegates gathered for the opening of the conference.

Covert pamphlets were slipped into our hands by mysterious strangers, there were allegations of a dirty tricks department and claims that questions had been planted on a radio phone-in in order to show the Government in a good light.

Sticks of bright blue rock on sale outside the hall immediately aroused suspicion. Could it be that the agents provocateur were at work again planting nasty messages against Ted Heath in innocent confectionery?

No, this seemed to be the work of the decent tricks department and each stick contained the innocent question "Anyone for Dennis?"

There was a distinct note of desperation in an elaborate montage urging the rank and file to spread the Government's message. "Tell them, tell them, tell them," it pleaded. "Then we'll find people will help us."

More sinister was an anti-Heath leaflet laid out by the Selsdon Group recalling that Mr Heath, before becoming Prime Minister in 1970, had written: "Once a decision is made, once a policy is established, the Prime Minister and his colleagues should have the courage to stick to it."

It immediately caught the eye of Mrs Thatcher as she waited to enter the hall. "I think I'll take one of these," she muttered thoughtfully, perusing it closely as she made her way to the platform.

Cocktail

You can always tell when the Conservative Party is in trouble. The tougher things become, the more vehement the protestations of loyalty from the rank and file.

On the platform Mrs Thatcher sat flanked by Mr Edward du Cann, chairman of the 1922 Committee; Mr Cecil Parkinson, the new party chairman; Mr William Whitelaw, deputy leader of the party; Mr Francis Pym, Leader of the House; and Mr Heath — a cocktail of wets, damps and dries.

Mr Fred Hardman, conference chairman, announced that it was Mrs Thatcher's birthday (she is 56) and, led by the electric organ, the audience bust into a chorus of "Happy Birthday."

At the end of the platform Mr Heath, looking like Big Chief Thundercloud, joined in, his lips moving almost imperceptibly and his hands clapping very slowly and quietly.

As usual we had the address from the party chairman. Unfortunately the main agenda had not caught up with the hectic pace of events and Lord Thorneycroft was still billed to perform this function.

Skating quickly round this difficulty, Mr Hardman introduced Mr Parkinson as the new chairman describing him as "pretty brilliant—a great success."

There could be no bigger contrast between the old incumbent and the fresh-faced newcomer.

An accountant by training, Mr Parkinson has the brisk air of a suburban bank manager who, in taking up his new job, has been landed with a client whose affairs, although basically sound, are in some disarray.

Sound chap

Don't worry, he seems to be saying. Keep your head and ignore all those people telling you to spend your way out of difficulties and all will be well.

"We are colleagues and friends in a great cause in which we all believe, and sincerely held differences of opinion are to be expected," he assured delegates.

"It would be awful if we ever looked like the Labour conference."

Delegates, it was clear, immediately took a liking to the new man. A sound chap, Cecil.

The effect of his speech, however, was rather spoiled half an-hour later when Mr Norman St John-Stevas, who was sacked from his job as Leader of the Commons, addressed a Conservative Reform Group meeting at the Lobster Pot restaurant.

In great form Norman started by calling for tact and prudence and then did just the opposite by delivering another scathing critique of Government economic policies.

To back up his thesis he conjured up the shades of Bagehot, Bacon, Burke, Disraeli, Keats and even Machiavelli.

Today, Sir Geoffrey Howe, the Chancellor, will be answering the debate on the economy while down the road Sir Ian Gilmour, who lost his job as deputy Foreign Secretary in the reshuffle, will be putting forward the wets' alternative strategy.

Amidst all the confusion one thing at least is clear: there are now two Conservative Party conferences going on in Blackpool.

John Hunt

Hailsham supports Thatcher leadership

BY ELINOR GOODMAN

LORD HAILSHAM, the Lord Chancellor and one of the Tory Party's elder statesmen, yesterday joined in the defence of Mrs Thatcher with what amounted to a sharp attack on Mr Edward Heath and other Conservative critics of the Government.

He said Mrs Thatcher was right in saying there was no realistic alternative to the Government's economic policies, and claimed that those who accused the Government of being dogmatic, or committed to a false monetarism, were "flying in the face of the facts." To call Mrs Thatcher's attitude callous, was to "stand the facts on their heads."

Hailsham: there is no alternative

Lord Hailsham was speaking in Croydon — which in the build-up to next Thursday's by-election has become virtually an extension of the party conference circuit.

His defence of Mrs Thatcher was particularly significant in that Lord Hailsham is one of a small group of ministers who had tended not to take sides in the debate inside the Cabinet on economic policy, and who the left would like to think of as a potential ally in opposing fresh spending cuts from the Treasury.

In his speech yesterday Lord Hailsham went along with calls for an investment-led recovery. "We have got to invest if we want to climb out of this recession. We have got to spend money if we want to improve the inner cities or provide training and apprenticeships for the young, or even provide help for the Third World."

But he insisted Britain could not live on tick for ever. If this was monetarism, then he was a monetarist, too, but then so were the "facts of life," he claimed.

Lord Hailsham said the Government was trying to find the money for investment which would make a "tangible return by holding back on public expenditure on consumption."

Lord Hailsham, who was a senior member of Mr Heath's government, said what he could not understand criticism of the Prime Minister when she said there was no alternative to the general line of policy she was pursuing.

"Of course, in one sense, there is an alternative—it is, print or borrow money," he said. But what the Prime Minister meant when she said there was no alternative, was that no alternative had so far been suggested which would not make matters worse.

At present, the Conservative candidate in the Croydon North-West by-election seems to be in third place behind Labour and the Liberal-SDP alliance. To win, the alliance needs the Conservative vote to collapse. Yesterday Mr Christopher Brocklebank-Fowler, the one Tory defector among the SDP's 21 MPs, said a vote for the Conservatives was a "vote for the Trots." He warned that voting Conservative, Croydon risked letting the Labour candidate win.

Backing for school vouchers

By Margaret Van Hattem

THE VOUCHER SYSTEM of school selection, which gives parents a bigger choice of schools in the public sector, may be extended, Sir Keith Joseph, Education Secretary, told the conference.

In his first public speech since his transfer from industry to the education portfolio, Sir Keith said he was greatly attracted by the system, though he foresaw difficulties in implementing it.

The attraction lay in the scope it offered for giving parents greater choice and greater involvement in their children's education.

However, replying to a motion calling for commitments to "all good schools, especially comprehensive schools that the vast majority of young people attend," Sir Keith indicated that he would seek to hold back Government spending more stringently than he was able to do in his previous portfolio.

He said all services claimed a unique right to Government funds. He recognised the widespread and growing concern over falling standards in education, but standards were not necessarily related to resources.

Increased spending on education would be of no real benefit to school children if it involved withholding funds from the trading base on which all public services ultimately depended for funding.

Sir Keith welcomed the move away from mixed-ability teaching and, while affirming his commitment to the comprehensive schools — "we must make the best of the position we are in and the prospects we have" — he indicated strong reservations.

Prior links Ulster peace with economic aid

BY PETER RIDDELL

MR JAMES PRIOR, Northern Ireland Secretary, told the conference that politicians must find and sustain a new momentum in the province.

Mr Prior was speaking in reply to a debate on Northern Ireland, the first at a Tory conference for five years.

The main theme of his speech was the need to recreate political responsibility among the politicians of Northern Ireland and to revive its economy.

"The ending of the hunger strike, and the plight of the economy dictate that we have to act."

Mr Prior said he did not believe the time was right to push ahead with the Northern Ireland Advisory Council proposed by his predecessor, Mr Humphrey Atkins.

He offered no new initiatives after only four weeks in his new post. He limited himself to pointing out that "unless there is less policy formation and more practical co-operation, the economy will continue to slide as the image of Northern Ireland gives no confidence. Second, and equally important, the interests of Great Britain have to be attended to as well."

The British people, he argued, expect those in Northern Ireland to get on with each other, to get on with their close neighbours in the Republic and to get on with the job of reconstruction.

The implication of Mr Prior's remarks is that any new moves will be extremely cautious and will involve the Government in Dublin and an effort to give Northern Ireland politicians more responsibility for local affairs.

Throughout his speech Mr Prior stressed that "political and economic recovery must go hand in hand." He appealed "for more help and understanding than even given up to now."

In particular, Northern Ireland needed more inward investment at a time when that is constrained by the national and international economic position.

"There could," he said, "be great benefit for more cross-border co-operation. This should be pursued openly and frankly with the full involvement of the community in the North. It is for these purposes that visits between North and South at Ministerial level will be required and openly undertaken."

A dominant theme of the debate was anger against terrorism and opposition to any concessions to the IRA. Mr Prior sought to reassure the strong feelings within the party by pledging that the Government would "wage the battle against terrorism from any source with unremitting vigour."

He said there had been no concessions nor any gestures of goodwill to the IRA over the end of the hunger strike. "There were no deals, there is to be no political status."

The debate showed a division of opinion about the usefulness of further talks between parties in Northern Ireland about established local assemblies.

Mr Roger Evans from Warley West wondered whether anyone seriously or honourably believed that further talks would achieve peace. He said the dispute was one of nationalities and any solution should involve a redrawing of the frontiers by plebiscite.

Prior: cautious

Editorial Comment, Page 24

Howell aims for Chunnel decision this year

FINANCIAL TIMES REPORTER

A GOVERNMENT decision on whether to back plans for a privately-financed channel tunnel or bridge could be made by the end of the year, Mr David Howell, Transport Secretary, told the Tory Conference at Blackpool yesterday.

He said he would be looking closely at plans for a fixed channel link, adding: "The idea of a channel tunnel was abandoned by the Labour Government as too costly. They took the view that public sector resources could not stretch to such a big project.

"But they were imprisoned by their own doctrine—they did not look further."

He asked why the private sector should not finance the tunnel, saying that private sector interest was "very encouraging." There was a "fascinating range of possible schemes from a single bore tunnel to a road-rail bridge."

"I shall be examining all these schemes," he said, "as will the French, with the aim of making possible a decision in principle by the end of this year."

Mr Howell also condemned Labour authorities' schemes — particularly the GLC's — to cut transport fares.

"What the Labour authorities propose are not low fares, they are below the belt fares," he said.

"They are below the belt of the elderly ratepayer, the shopowner, the businessman struggling against all the other burdens he faces, the worker and city life itself."

In London the average ratepayer's contribution towards the transport system had risen 10 times from its level of 13p a week at the beginning of the year.

Next year the figures could rise to £2.60 a week, and over an 18-month period the cost could have risen 20 times. Mr Howell attacked the cheap fares policy as "a recipe for financial ruin for public transport."

"It will leave in its wake bankrupt businesses and burdened ratepayers."

Housing Minister promises to relax shorthold tenancy rules

BY JOHN HUNT

THE GOVERNMENT is in introduce a new measure to encourage shorthold lettings, the system which gives landlords the right to repossess their property at the end of an agreed period.

Mr John Stanley, the Housing Minister, will lay an order before the Commons next week abolishing the requirement to register a fair rent before the start of a shorthold letting.

This will enable tenancies to start on the basis of a rent agreed between landlord and tenant, without the involvement of a rent officer.

The change will apply to England and Wales with the exception of Greater London. It will not affect the rent or any existing shorthold tenancy, or the right of a tenant or landlord to apply for a fair rent to be registered under the Rent Act after the tenancy has begun.

Mr Stanley accused the Labour Party of trying to undermine confidence in the shorthold system and to wreck it. The method was introduced by the present Government to encourage small landlords to let property that would otherwise stand empty.

Mr Stanley said the Government considered that the case for shorthold letting was as strong as ever. The certainty that the landlord could get possession of the property at the end of an agreed period was essential to release private accommodation for short-term renting.

He was speaking in a housing debate which was remarkable for the fact that neither he nor the delegates who spoke made a single mention of the record mortgage interest rates.

The main concern of delegates was that the Government was not doing enough to force Labour-controlled local authorities to sell council houses.

Mr Stanley assured them that Ministers were under no illusions about the way in which certain councils were trying to obstruct the right to buy. In some areas, tenants faced a whole range of devices to try to put them off buying their own council homes.

"This is nothing less than the browbeating and intimidation of those who are simply exercising their rights under the law," he said.

Mr Stanley said council tenants in some areas had been subjected to interviews with council officials—the "... persuaders"—whose remit was to persuade them to abandon their right to buy.

They had been told that if they purchased their council houses they would not be repaired in future, they would not be given improvement grants and would never be housed by a council again.

Nevertheless, the majority had pressed on with their plans to buy.

Mr Stanley made it clear that, although he and Mr Michael Heseltine, the Environment Secretary, had the right to intervene to force the sale of council houses, they would do so only as a last resort.

There should be no doubt whatever of the readiness of the Government to intervene. But if Mr Heseltine used his powers prematurely, it could bring the sale of council houses to a halt, he said.

It would be premature for the Government to move in before it was clearly established that a council had fallen down on the timetable of sales it had agreed with Whitehall.

"Neither Michael Heseltine nor I are prepared to see the right to buy stopped dead in its tracks," said Mr Stanley.

He gave statistics to show that council house sales were going ahead.

"On one council estate after another, you can now see the tangible results of the sale of council houses," he maintained.

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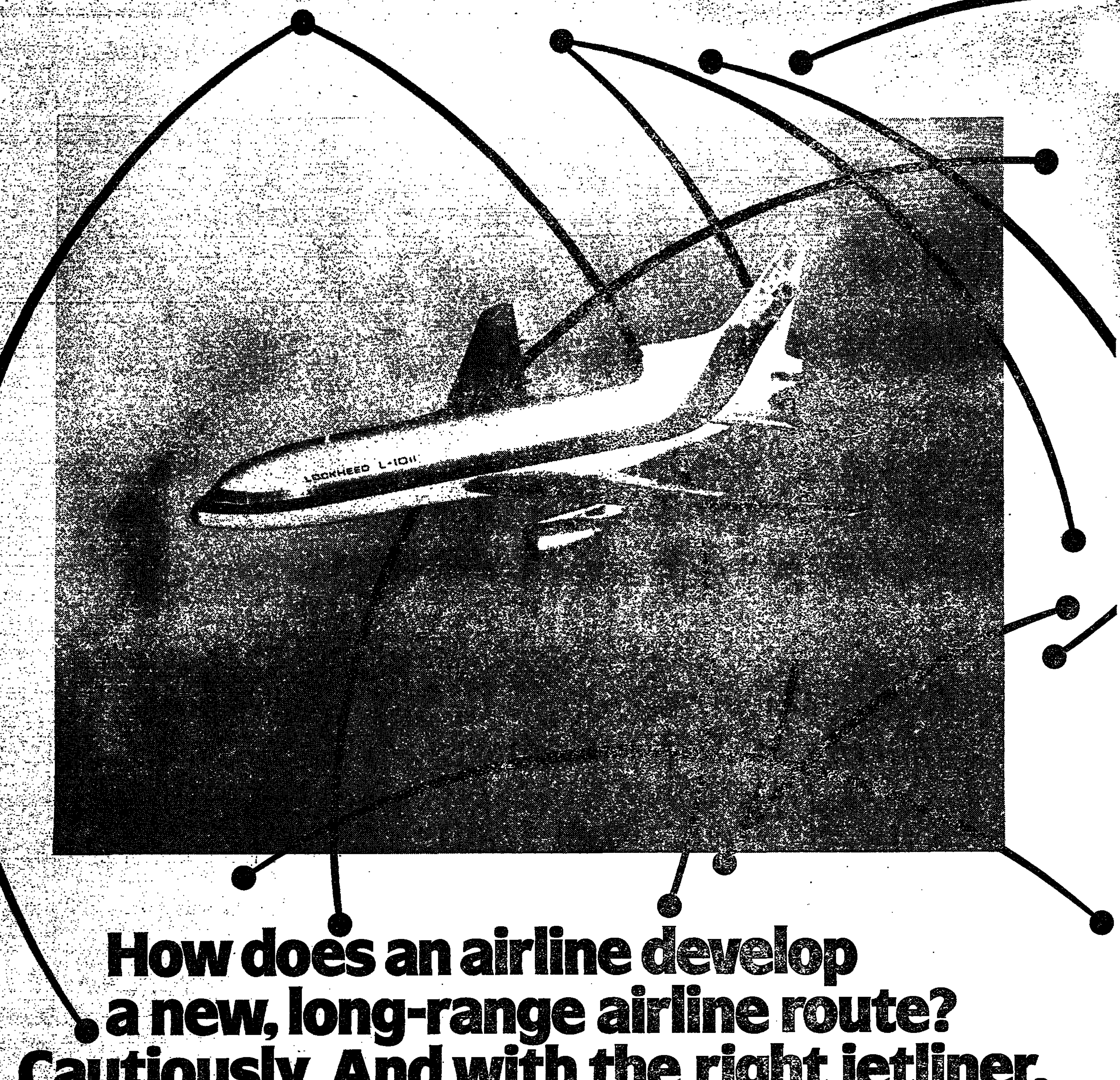
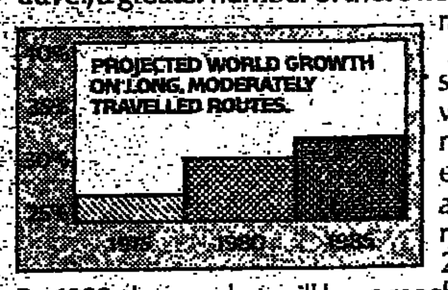


How does an airline develop a new, long-range airline route? Cautiously. And with the right jetliner.

The trend of the future is toward 'open skies.' Airlines will have greater freedom to introduce new routes throughout the world. And because more of the world is opening up to expanded air travel, a greater number of these new airline routes are long-range.



Long, narrow routes (those spanning more than 3,000 miles while serving moderate numbers of passengers) are an example of a major area for airline growth. In 1975, these routes accounted for about 25% of total air route mileage. By 1982, the number will have reached approximately 32%.

How can an airline capitalise on this growth trend? By owning and operating jetliners that will turn the best profits on long, moderately travelled routes.

Such jetliners must be big enough and sufficiently equipped to fly worldwide routes. For instance, planes must have at least three engines to be certificated for passenger flights over long stretches of ocean.

Most important, they must operate with a combination of plane mile and seat mile costs low enough to deliver maximum profit. Accordingly, the giant four-engine wide body aircraft with their high acquisition and operating costs, are not most profitable in carrying moderate passenger loads.

The aircraft that is? The Lockheed L-1011-500 TriStar.

L-1011-500: The advantage is in economy.

Ideally suited to fly the long, narrow routes. Lockheed's L-1011-500 is a masterpiece of economy. It doesn't just provide great comfort for passengers; it also gives great comfort to airline decision-makers. Because the L-1011-500 is the wide body jetliner that can deliver the best profits over those moderately travelled routes.

One of the world's premier airlines determined that the L-1011 operates at plane mile costs from 8 to 10% less than those of its nearest competitor—and far less than other wide body competition. Why? One reason is that the L-1011, though a wide body aircraft, is shorter and lighter than the others. Another reason is the L-1011's advanced technology.

Tomorrow's technology saves money today.

Simply stated, the L-1011-500 is loaded with the latest in technological advances.

Unique design and construction give the L-1011 an extraordinary ability to adapt the latest technological advances into its existing airframe. So this jetliner can uniquely add new technology as it is developed.

A prime example is a new digital autopilot, now in service on L-1011-500s at present flown by several major airlines. This Lockheed autopilot is a technological breakthrough. It has no moving parts, and is lighter, smaller, and 150% more reliable than similar systems on competitive aircraft.

Then there's the lengthened wingspan: nine feet added to the original structure, due to the development of an exclusive system of computer-driven Active Controls. The added wing-span reduces drag, cutting the amount of fuel consumed in flight.

The L-1011-500 also has the most advanced Flight Management System. This exclusive system selects the best speed and power levels, then automatically controls the throttles in flight for the most economical use of fuel.

Other technological innovations are in development now at Lockheed, ensuring that the L-1011 aircraft will remain the most advanced big jetliners far into the future.

The plane of the future.

The increasing trend toward 'open skies' and the spread of business centres all over the world present a great growth potential for airlines seeking to develop new, long-range air routes.

Because many of these developing routes will carry moderate passenger loads, the best plane for the job — the most profitable one—is the one that offers an unbeatable combination of low plane mile and low seat mile costs.

The aircraft that does this, the plane of the future, is the L-1011-500.

The L-1011-500 offers airlines greater flexibility and profitability over the other long-range jetliners.

It's the competitive advantage. The right jetliner at the right time. Take a good look at the Lockheed L-1011-500 TriStar.

Lockheed L-1011 TriStar

Banned official wins High Court case

Financial Times Reporter

MR FRANK GOLDSBY, who was sacked from his post by the Union of Construction, Allied Trades and Technicians, yesterday won a High Court victory against the union, and took the first step in his bid to fight his way back into office.

Mr Goldsby — a former guardsman described in court as a man either "loved or loathed"—sued the union which had "moved him sideways" after inquiries into corruption allegations.

Mr Goldsby was the union's regional organiser at the National Exhibition Centre, Birmingham, when he was accused of "blacking" certain contractors groups and favouring one in particular.

He claimed the union failed to give him a fair hearing during the inquiry which ended in January with him being banned from the exhibition centre and from having any connection with the exhibition industry.

He also challenged the validity of a union election in March when he was voted out of his regional organiser's post after details of the inquiry findings were circulated to union members.

Port still shut

THE STRIKE which has closed the Port of Liverpool for the past two days will continue today, as talks between port employers and dock leaders adjourned last night after more than four hours.

Council manual staff seek 12% rise

FINANCIAL TIMES REPORTER

A TRADE UNION leader warned yesterday that if a pay offer to one million local authorities' manual workers was within the Government's 4 per cent cash limit, it could result in industrial action.

The workers yesterday lodged a claim for a 12 per cent rise and Mr Nick Martin, national officer of the Transport and General Workers Union, said that his members had "nothing to lose any more."

He added: "We are losing so many thousands of manual workers because of the cuts and we are losing them because this Government is encouraging private contractors.

"Whether or not they accept lower wages, they are losing their jobs—so they might as well go for broke. We are certainly going to encourage our members to take industrial action if necessary. Our executive is on record as giving support in advance."

Mr Martin, speaking after the claim was lodged at a meeting with employers in Leicester, said that if the employers replied to the claim with an offer of only about 4 per cent, then he would immediately issue a circular to his 70,000 members urging them to reject the offer and consider industrial action.

The warning was not endorsed by the other two unions involved in the negotiations, the General and Mnicipal Workers Union and the National Union of Public Employees.

But earlier, the GMWU had supported a claim for a 27.1 per cent increase on the lowest rate of £59 and London Nupe shop stewards had joined with TGWU local officials in calling for a conference o nOctober 28 to co-ordinaee industrial action in support of the claim.

Mr Charles Dennit, of GMWU, the chief union negotiator, emphasised that at the previous two rounds of annual negotiations, the cost to the employers of settlements had been 6 per cent lower than pay rises, because of job cuts and reductions in overtime and bonus payments.

So the 13 per cent rise in 1979-80 cost employers 7 per cent and the 7½ per cent rise in 1980-81 only 1½ per cent.

He said that an increase in line with the cost of living this year would not reduce the erosion in members' wages that had occurred.

"It would take an increase of almost astronomical proportions to bring it back to that," said Mr Dennit.

The employers' side is now led by the Labour group and chaired by Mr Roy Thwaites, a Labour councillor from South Yorkshire County Council.

The change in the employers' political leadership was described as "encouraging" by Mr Ron Keating, assistant general secretary of NUPE.

Mr Brian Rusbridge, chief employers' negotiator, said the employers would reply after details of the claim had been sent to local authorities for consultation. That would take between four and six weeks.

"We shall consider it very carefully," he said. Manual workers, who range from gravediggers to school meals helpers, want the settlement agreed by November 4.

Unions may move to boost Labour Party

BY JOHN LLOYD, LABOUR CORRESPONDENT

TRADE UNION leaders are expected to approve tonight a series of measures aimed at boosting the organisation of the Labour Party by greatly stepping up the involvement of unions in local party work.

The meeting of the increasingly influential grouping, Trade Unions for a Labour Victory, will also be the first on which members of the party's national executive committee will be represented ex-officio.

The ex-officiol members are, Mr Alex Kitson, the party chairman; Mr Eric Varley, the new party treasurer; and Mr Ron Hayward, the party's general secretary.

The accession of these three senior NEC members gives TULV a semi official status which it has previously lacked. Suspicions remain among Left-wing members of the NEC that the grouping represents an attempt to take over the party by the Centre-Right.

But the party's desperate need for cash and its lack of effective organisation in a number of constituencies means it has little choice but to lean on the unions for aid.

The main measures to be proposedto union leaders tonight will be concerned with improving the organisational strength of the party locally, by training local voluntary party officers in their functions, and by seconding full-time union officials to

The object of the proposals is to create an effective team in each constituency—especially the majority which lack the services of a full-time agent—to organise party work and prepare for the next election.

A number of union leaders have expressed alarm over the party's organisation, and the potential for sweeping gains by the Social Democrats if it is not greatly improved.

TULV has agreed to raise a voluntary level from its affiliated unions—which includes all major unions except the Mineworkers'—which would be used to finance the new initiatives.

Union leaders hope that the plans proopsed, and the closer involvement of the unions in party work, will encourage unions to hand over more cash from their political funds.

However, most unions are finding it hard to fund their own oganisation because of sharp drops in membership, and some have already decreased their affiliation levels to the Labour Party.

Tonight's meeting also marks the first since the group's constitution was changed to make membership of its executive automatic for all unions with more than 100,000 members.

It thus parallels the changes agreed in the TUC general council at this year's Congress, though with the difference that each union, no matter how large, will only have one member.

GMWU chief David Basnett

Call to end gas project study group

TRADE UNIONS on the tripartite working party that studies the petrochemical industry are being asked to discuss withdrawing from the committee.

The General and Municipal Workers Union has called the meeting following the Government decision not to help build a £2.7bn North Sea gas gathering pipeline.

Mr David Basnett, GMWU general secretary, has written to Mr Len Murray, TUC general secretary, warning him of the union's intention.

Yesterday Mr David Warburton, GMWU national industrial officer for the chemicals industry, said that the unions and the employers had agreed that a pipeline was essential.

"The issue now is whether there is any purpose in continuing the petrochemical sector working party

Engineering workers warn BL over plant closure plans

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE UNION which has been among the most loyal of BL's supporters through years of redundancies, plant closures and tightened discipline yesterday warned that it could no longer go along with the company's strategy on pay or rationalisation.

The Amalgamated Union of Engineering Workers' executive meeting the day after BL announced three plant closures and a further 2,850 redundancies, demanded an urgent meeting between the company, the unions and two Cabinet ministers, Mr Patrick Jenkin, the Industry Secretary and Mr Michael Heseltine, the Environment Secretary.

The executive will also write to BL, saying it cannot approve the plan to close the three plants — especially the Speke plant, in Liverpool, an area of particularly high unemployment.

Mr Terry Duffy, the AUEW president, said after the meeting: "We have said to BL that their future plan is unacceptable to us and that their future wage offer is unacceptable.

"We have told them, look, lou had better rethink quickly. We have no wish to have a clash with the only British-owned motor vehicle company but pressure is mounting on us."

Mr Duffy said he would not be surprised if mass meetings of the BL workforce, called for Friday, approved the strike call for November 1.

He said that the workers were frustrated by the high level of redundancies and the low pay offer, now standing at 3.8 per cent.

The AUEW executive is also concerned because it understands that less than 20 per cent of the components in BL's latest car, the Japanese-designed Acclaim are made in Britain.

"We have supported BL in the past partly because it supported the UK components industry," said Mr Duffy. "Now it seems it is getting its components from other sources."

Shop stewards at Speke yesterday agreed to fight the closure.

The plant's senior convenor, Mr Jimmy Hagen, said after a stewards' meeting that they had decided to campaign through political leaders at both regional and national level.

Mr Hagen said it would be both economically and morally wrong to close the factory to save £3m when many millions more would have to be paid out over the years in unemployment and social security payments.

He said there were no job prospects in the Garston area—where Speke is situated—and that some 7,000 workers were already on the dole.

Mr James Stuart-Cole, the leader of Merseyside Council, is trying to arrange an urgent meeting with Mr Heseltine, who became "Minister for Merseyside" after the riots there in the summer, to ask if his recently-announced Task Force could take steps to avert the closure.

COMPANY NOTICE

THE NIKKO SECURITIES CO. LTD.
COMMON STOCK

EUROPEAN DEPOSITARY RECEIPTS (EDR's) ISSUE BY MORGAN GUARANTY TRUST CY. OF NEW YORK

A free allotment of shares, in the ratio of 1 new share for 20 old shares has been declared payable to shareholders recorded on September 30, 1981.

EDR holders will receive new EDR certificates against surrender of Coupon No. 1 (allotment right) as from November 30, 1981 *until* February 26, 1982 to the

MORGAN GUARANTY TRUST CY OF NEW YORK
35, Avenue des Arts
1040 BRUSSELS.

after February 26, 1982, and if not exercised the Coupon No. 1 will be declared payable in cash.

PUBLIC NOTICES

HERTSMERE BOROUGH COUNCIL
£850,000 Bills issued on 14.10.81 at 14.71875% to mature on 13.1.82. Total applications £7,650,000. Total outstanding £850,000.

METROPOLITAN BOROUGH OF WOLVERHAMPTON
£10,000,000 91-day Bills issued 14 October 1981 due 13 January 1982 allocated as follows: £5,000,000 at 14.6875% and £5,000,000 at 14.71875%. Applications totalled £55m. These are the only Bills outstanding.

WALSALL METROPOLITAN BOROUGH BILLS
£10,250,000 Bills issued 14th October 1981, due 13th January 1982 at the rate of $14\frac{11}{16}$%. Applications totalled £67,500,000. These are the only Bills outstanding.

COMPANY NOTICES

AER LINGUS, TEORANTA
US$20,000,000 8¼ PER CENT LOAN 1981

Final Redemption

Notice is hereby given that all outstanding bonds, US$8,000,000 nominal, of the above Loan are due for redemption on 15th November, 1981 from which date all interest thereon will cease.

The above mentioned bonds and coupons due 15th November, 1981, listed separately, may be lodged for payment on or after 16th November, 1981 at the Offices of J. Henry Schroder Wagg & Co. Ltd, Coupon Dept., 120 Cheapside, London EC2 between the hours of ten and two o'clock, and at Ulster Bank Limited, College Green, Dublin 2, Ireland, The Chase Manhattan Bank N.A., 1, Chase Manhattan Plaza, New York 10015, U.S.A. and Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, B.P. 1108 Luxembourg.

London 14th October 1981.

NOTICE OF RATE OF INTEREST
CREDIT FONCIER DE FRANCE
U.S.$75,000,000
Guaranteed Floating Rate Notes due 1988

In accordance with the provisions of the Interest Determination Agency Agreement between Credit Foncier de France and National Bank of Abu Dhabi, Paris Branch, dated as of 18th September, 1981, notice is hereby given that the Rate of Interest has been fixed at 16.0625%, and that the Coupon Amount payable on 14th April, 1982, against Coupon No. 1 will be US$406.02 and that such amount has been computed on the actual number of days elapsed (182) divided by 360.

By: NATIONAL BANK OF ABU DHABI
Paris Branch
Reference Agent

12th October, 1981

PROVIDENT LIFE ASSOCIATION OF LONDON LIMITED

SHARE WARRANTS TO BEARER FOR ORDINARY SHARES

An Extraordinary General Meeting of the Company has been convened for Friday 23rd October, 1981 when a resolution will be proposed (inter alia) that, subject to and conditionally upon the New Ordinary Offer on behalf of Winterthur Swiss Insurance Company, contained in a letter dated 30th September, 1981 from Samuel Montagu & Co. Limited to the Shareholders of the Company, becoming unconditional in all respects except for the allotment of new Ordinary Shares pursuant to the Resolution, the sum of £47,550 standing to the credit of the reserves of the Company be capitalised and applied in paying up in full 4,755,000 unissued Ordinary Shares of 1p each to be allotted and distributed, credited as fully paid, to and among the holders of Ordinary Shares of 25p each of the Company immediately prior to the passing of the Resolution in proportion to the total amount paid up on the Ordinary Shares held by them respectively. Following allotment of such new Ordinary Shares the existing Ordinary Shares of 25p each will be converted into Deferred Shares carrying no voting or dividend rights and limited capital rights. The Company will not issue Share Warrants in respect of the new Ordinary Shares which will be registered shares.

If the Resolution is passed and the New Ordinary Offer becomes unconditional notice will be published requiring holders of Share Warrants to Bearer who wish to have the new Ordinary Shares allotted in their names to lodge Coupon No. 195 (together with a coupon lodgement form obtainable from the Registered Office of the Company) with the Company at its Registered Office, 266 Bishopsgate, London EC2M 4QP before 3.30 p.m. on 28th October, 1981 (or such later date as such notice may specify). The Company cannot accept lodgement of Coupons prior to the Resolution being passed and becoming unconditional. Shareholders who have accepted or intend to accept the New Ordinary Offer need take no action. New Ordinary Shares attributable to Share Warrants in respect of which Coupon No. 195 has not been lodged as aforesaid will be allotted to a trustee or trustees on behalf of the holders entitled thereto.

Copies of the Offer Document (which includes copies of the Notice of Extraordinary General Meeting) and other relevant documents can be obtained on application (by letter or telephone) to Samuel Montagu & Co. Limited, New Issues Department, Augustine House, Austin Friars, London EC2N 2JL. (Tel: 01-588 6464, extension 323 or 335.)

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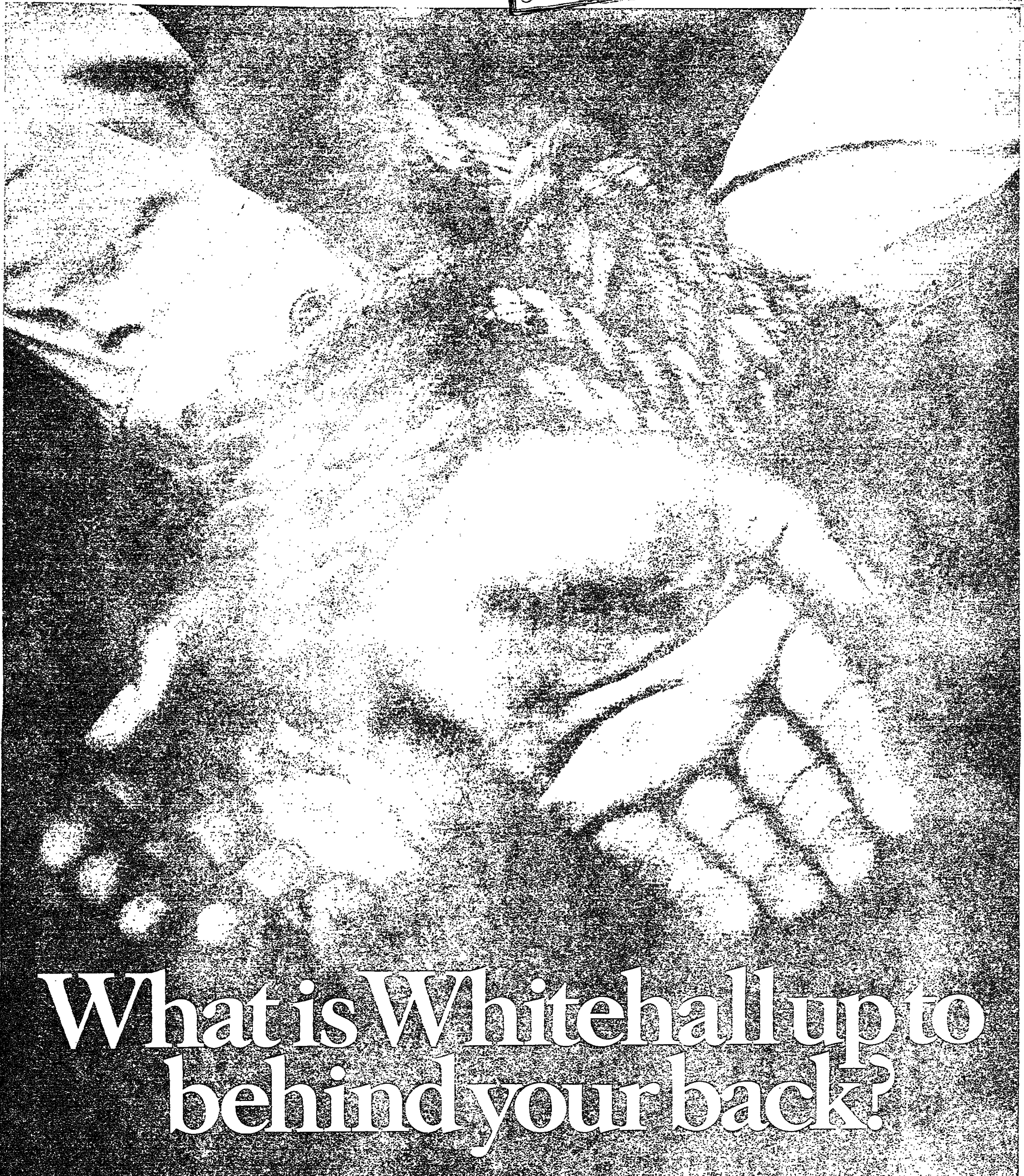


There's some very worrying legislation about to creep in and out of Parliament.

The idea is to take away your Local Authority's power to levy rates.

If you hate rates (and who doesn't), you could be fooled into believing it's good news.

That's what Whitehall is relying on.

But think. Without money your council is without power.

It can't make decisions. It can't go against Whitehall.

Even if you want it to on certain issues. That's the value of your local council.

It can check excessive control of local affairs by any Government.

Remember, after a general election the Government doesn't have to be nice for five years.

When you come to us with your problems our hands will be tied.

You'll come up against this innocent looking law. And like all laws, just try arguing with it.

It won't matter if your local councillor knows the roads are bad (he lives there too).

It won't matter if the local school is closing down (he'll probably have children there).

It won't matter if the old people's home is overcrowded.

There will be no point appealing to us.

No point in attending council meetings.

As things are, our doors are open. Whitehall's will stay closed.

The Government want you to believe they're only going to control your rates.

But make no mistake.

They're going behind your back. Soon you won't have any hand in your own affairs.

Don't be whitewashed by Whitehall, keep it local.

KEEP IT local

THIS ADVERTISEMENT HAS BEEN SPONSORED BY THE ASSOCIATION OF METROPOLITAN AUTHORITIES, REPRESENTING A LARGE NUMBER OF ENGLISH LOCAL AUTHORITIES, IN THE BELIEF THAT YOU SHOULD BE KEPT INFORMED.

TECHNOLOGY

EDITED BY ALAN CANE

Glaxo's drug aims to beat the stomach ulcer

BY DAVID FISHLOCK, SCIENCE EDITOR

NO DRUG as clinically important—and as commercially successful—as the one intro*duced for stomach ulcers in* 1976 could expect to remain unrivalled for long. Glaxo *today* introduces the first rival; a quite different compound that appears to have a more selective action and fewer side-effects.

The new drug has the same shape, superficially, as cimetidine, "probably the most important drug of the 1970's" acknowledges Dr David Jack, group director of Glaxo's £40m-a-year research programme. "It has to fit into *the same cleft in the enzyme* surface."

But ranitidine, the Glaxo *discovery*, is a *fundamentally* different chemical substance, which so far has been found to be a better fit and, moreover, to fit only this cleft.

In other words, it does not interfere with other body chemistry to produce side-effects for the patient. "Ranitidine is at least as efficacious cemetidine and more selective," Dr Jack claims.

The story of these drugs begins back in the 1960s. In 1964, Smith Kline and French (SKF), the U.S. drug company, began research at its *laboratories* in England aimed at finding drugs which would selectively block the *action of the chemical* "messenger," *histamine*, in stimulating acid flow to the stomach.

At that time, the doctor had one of two options to choose from for patients with gastric *or duodenal* ulcers. He could try palliatives—antacids—to neutralise the excess acidity causing the ulcer and preventing it from healing. Or he could intervene surgically to cut off the acid.

Not until 1968, however, was the first chemical lead discovered, suggesting that a chemical capable of blocking the action of histamine in acid secretion might be invented.

DR DAVID JACK, director of Glazo's £40m a year research programme

The lead was the simple guanidine derivative of histamine, itself far too weak to act as a "tap," but highly encouraging to researchers.

That year Glaxo also began the quest to design a drug that would perform a highly specific task. Both companies were seeking a molecule which would compete successfully with histamine for its receptor site without triggering the same response, namely release of acid.

SKF won the race. Cimetidine, *introduced as the drug* Tagamet in 1976, has generated windfall profits for the company, so efficacious is its action. SKF indicates that the drug is earning over £300m a year. The Office of Health Economics in London estimates the world market for all kinds of gastro-intestinal treatment—*including* antacids—at £950m.

Glaxo's quest was pursued at its Ware, Herts, *laboratories*—one of its two main research centres—under the direction of Dr Jack until he became group research director three years ago. The team studied chemical analogues of *the cimetidine molecule*, obtained by modifying the structure of histamine itself. But it finally chose a different chemical, ranitidine, because of its specificity.

In particular, cimetidine at *the same concentration binds to four* other receptor sites in the body. The most important concerns the action of the *liver in ridding the body of* toxins. By blocking its capacity to metabolise certain heart drugs, tranquillisers and anti-coagulants, cimetidine may enhance and prolong their action unnecessarily, complicating their use.

Other well-documented problems for patients on cimetidine can be a loss of sexual appetite in men; and dizziness and mental confusion, especially in the elderly. Nevertheless, all of these side-effects are pretty rare.

One well-publicised but purely hypothetical problem is the idea that it causes stomach cancer. The Committee on Safety of Medicines this summer advised doctors *that of a total of 2,459 reports* of suspected adverse reactions in six years, it had received 21 reports of stomach cancer. ICI researchers abandoned a similar drug because they found it caused tumours.

But the committee stressed that "in the majority of cases it is probable that the cancer existed prior to the commencement of treatment with cimetidine." It saw no reason from the evidence for cancer why doctors should not continue to prescribe the drug.

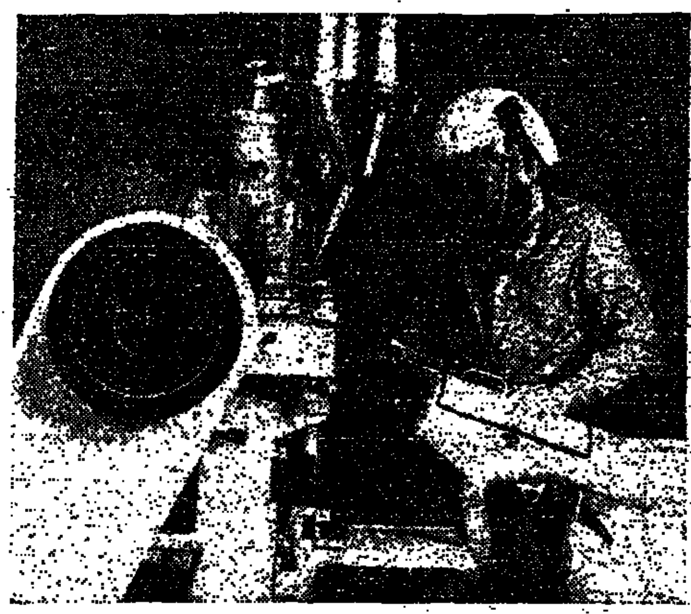
Dr Jack says he knows of no evidence — "*only* innuendo"—to support the assertions that cimetidine causes cancer. The idea arises from a hypothetical reaction between cimetidine and nitrous acid, created by *bacterial action in the mouth, to make* a chemical known to be mutagenic. But under the same circumstances ranitidine would behave quite differently, forming an acid which is not mutagenic.

The other adverse affects associated with cimetidine have not been seen so far in ranitidine. It is known, for example, that the new Glaxo drug "has the greatest difficulty entering the brain," Dr Jack says.

Like cimetidine, ranitidine reduces but does not cut off *altogether the secretion of* hydrochloric acid after a meal has been eaten. It leaves enough acid to complete digestion. According to Glaxo researchers, ranitidine reduces the mean daily acidity by 60 per cent, and nocturnal acid output by 90 per cent. Corresponding *figures for cimetidine* are lower, they say, respectively 48 and 70 per cent.

Ranitidine was cleared by the Committee on Safety of Medicines in July, after only a few months. But it was a big submission, with clinical trials on over 4,000 patients in 20 countries, says Dr David *Harris, Glaxo's medical director*. Of over 8,000 currently receiving the drug, 7,000 patients are continuing with 12-month maintenance trials.

Of the first 4,000 with gastric or duodenal ulcers, about 80 per cent were healed after a few weeks, and about 90 per cent after 6-8 weeks. *About 5 per cent failed to* respond—the kind of failure rate he would expect with *almost any active compound*, Dr Harris says.



PILOT scale production of Zantac, Glaxo's new drug for stomach ulcers.

Clinical trials account for a *major portion of the £30m or* more Glaxo estimates it has spent in discovering ranitidine, and getting it on to the market as Zantac. The average cost of the clinical trials exceeds £100 per patient. "We pany everything."

Zantac's development programme has been one of the *largest ever undertaken by* Glaxo, according to Mr John Reece, group marketing co-*ordinator*. The company is investing "many millions of pounds" in manufacture at Montrose in Scotland and in Singapore.

Compared with the anti-*biotics, however, manufactur*ing cost is not a big factor. The group can well afford to make sure that its capacity, in the event of commercial success matching that of cimetidine, does not turn out *to be too small*.

Electronic gas analyser from Colwick Instruments

COLWICK INSTRUMENTS of Nottingham has developed this electronic flue gas analyser, designed for boiler engineers to achieve peak efficiency. Colwick *says that its Anagas unit* is believed to be one of the first units developed by a combustion engineer *to match* his needs.

Anagas, the company claims, can beat chemical testing and should repay itself within a year.

The unit, contained within a *rather smart brief case has three* measurement ranges with only one probe to provide relevant samples.

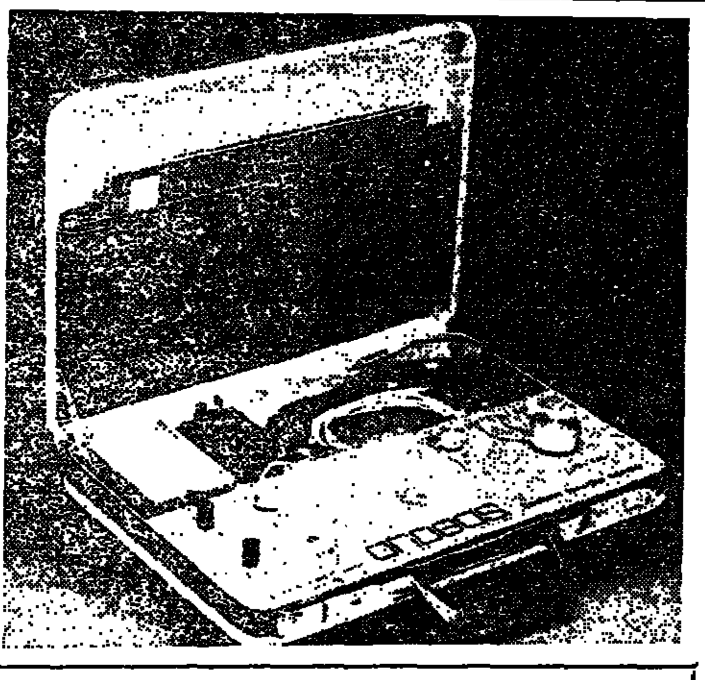
Readings are shown on an analogue meter with the different ranges set by the twist of a knob.

Power for the unit is supplied by a rechargeable battery to give five hours of continuous operation. Recharging can be from the mains or the boiler engineer can recharge from his car or van.

The flue probe can be positioned up *to six* metres from the unit which allows the engineer to see what is happening at all stages of the firing sequences without having to walk to the boiler to take separate readings.

Anagas *does* not take oxygen readings but measures carbon dioxide and carbon monoxide emission.

More details from Colwick Instruments, 9, New Vale Road, Colwick, Nottingham (0602 249947).



Beating oil pipeline static

INSULATING OR isolating joints are integrated into gas and oil pipelines to arrest the passage of electrical static, and are widely used as boundaries for cathodic protection.

Should a conventional insulating joint fail (perhaps because of the rupture or decay of internal insulation) it must be removed from the line and replaced by a new unit.

Now, a company claims to have engineered the first large diameter insulating joint that can be refurbished. Applying techniques *from its range of* high-pressure closures, General Descaling of Worksop, Notts, *says its new unit has specially* formulated insulating components that can be replaced after removal of the joint from the line. More on Worksop 473211.

Surveillance Magnus system

MARINE SURVEILLANCE radar systems for the BP Magnus Field platform in the North Sea will be contained in two identical stainless steel houses which Ludlam Sysco of Chislehurst will supply to Matthew Hall Engineering.

Each house is two metres *square by 2.3 metres high* and will be equipped with Decca radar electronics and a rotating scanner mounted on the roof.

A specially developed purging unit will be fitted as part of the safety system. Value of the systems is about £35,000. More on 073-72 21111.

Racal frequency

LAUNCHED last May, Racal's Jaguar-V frequency hopping radio, claimed to be the first to go into production, is now the subject of an agreement with Gould Inc. in the U.S.

The American company will *market the* VHF *radios in the* U.S. and is also granted a licence to manufacture them in due course.

Jaguar-V is able to switch from frequency to frequency at random many thousands of times a minute, *making* it difficult for the enemy to monitor transmissions, to locate the *transmitters, or to jam them.*

Technique for wiring circuit boards

A TECHNIQUE for wiring up *circuit boards where production runs* are relatively short or variability of wiring from one batch to the next is prevalent has been announced by Rich Field Electronics of Horsham (0403 50111).

Called model L80, the machine, which performs rather like a sewing machine, would be used to interconnect integrated circuits that have been soldered into boards but where no interconnections have been laid down.

Stripping

Instead, the machine's "stitch wiring" is used. A solid Teflon-insulated wire is fed through a hollow upper electrode; after *pressure piercing* of the insulation (*no stripping* is needed) the wire is bonded by a high current impulse on to terminals on the board. Various patterns of *board* can be supplied from stock, loaded with stainless steel pins ready for wiring.

The L80 enables boards to be wired either on the solder side *using point-to-point* or routed wiring, or on the component side by routeing the wires between components.

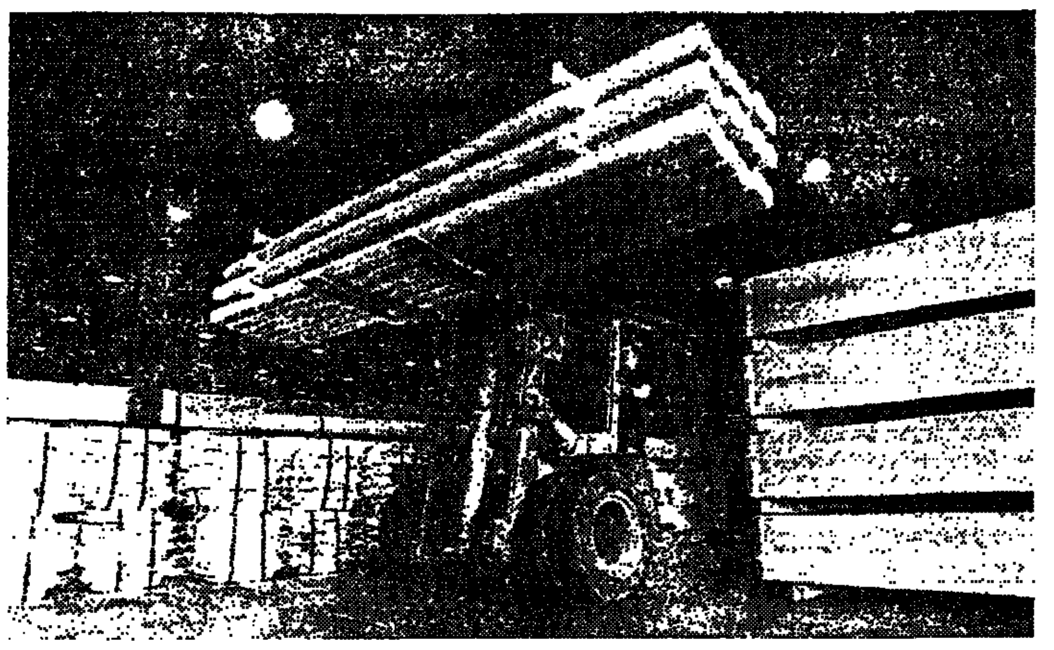
Boards can be designed (and assembled) to customers' requirements using a wide variety of IC patterns and connector patterns.

FINANCIAL TIMES SURVEY

Wednesday October 14 1981

Aluminium

British producers have suffered more than some of their Continental competitors this year, due to currency fluctuations. But they are less gloomy than they were in the summer, as there are signs that the slide in demand for semi-fabricated aluminium has now stopped.



The key question now facing the aluminium industry's planners is what the rate of growth of demand will be during the rest of the 1980s and the 1990s. Above: pipes being stockpiled by Alcan, one of Britain's largest aluminium companies

CONTENTS

Industry faces puzzling question

By Roy Hodson

THE ALUMINIUM market in Britain has improved sufficiently during the past few weeks for producers to believe there are some grounds for being optimistic about trading during the coming winter.

Never has a market been monitored more closely as the companies try to discern whether an underlying trend of higher demand is appearing, or whether they are experiencing a welcome but temporary relief after many hard months in both home and overseas trading.

As deep recession caught the aluminium industry in its grip during the last year, rather later in the world trade cycle than other industries, producers have been building stocks as the alternative to early cuts in production. Now, in Britain, they are moving into the second phase of cutting output, where they can see no alternative—while making strenuous efforts to keep stocks of unsold material to manageable proportions.

The British producers have suffered more than some of their Continental competitors this year because of currency fluctuations working against them. Most of their raw materials are priced in U.S. dollars. The dearer dollar has hit them particularly hard. But the British companies are generally less gloomy than they were in the summer. There is some evidence that the slide in demand for semi-fabricated aluminium has stopped.

Total European business for rolled products is now being assessed as "quite good." Demand for aluminium extrusions remains weak and the metal windows and double-glazing business has been sorely afflicted by high interest rates.

Two of Britain's biggest aluminium companies, Alcan Aluminium (UK) and British Aluminium, lost £9.9m before tax and £8.8m before tax respectively in the first half of the year. Clearly the climate has not recovered sufficiently to make the trade profitable again since then. Indeed it is generally believed that almost everyone trading at significant levels in the British market is currently continuing to chalk-up losses.

Kaiser and RTZ who run the Anglesey smelter have reacted by cutting out their high cost marginal production which is based upon expensive electricity. The output of the smelter has been cut to 75,000 tonnes a year—a 25 per cent reduction. Alcoa believes it is getting its South Wales plan for the production of can stock right at last after years of problems and heavy redundancies at the works last year. But a painful decision has just been made to close the Alcoa International Alloys secondary smelter at the end of this year because of poor trading prospects with the automobile industry.

Investment

The aerospace market is attracting much attention from the big aluminium producers. Kaiser, British Aluminium, and Alcan, are all investing in new production facilities to help service the demands of the European civil and military aircraft programmes. But even that usually buoyant market has been disappointing during the last few months. The aircraft-makers have apparently responded to the world glut in aluminium by refusing to carry stocks at anything like the levels they considered normal up to a year ago. Boeing, the biggest plane maker, was even reported in American metals circles as being a net seller of some forms of aircraft aluminium this year in an attempt to get inventories down.

Nevertheless, investment in new plant for aerospace material is the biggest recent development in the fabrication end of the British industry—Alcan at Kitts Green, and British Aluminium in Scotland. British Aluminium is the only British company currently investing in new primary production. Its new pot-line is now installed at Lochaber, Scotland, at a cost of £37m to make better use of the hydro-power available and will be coming on-stream during the autumn.

Alcoa has taken an initiative in Britain following its success with the recycling of aluminium beverage cans in the U.S. and is building a similar organisation.

Recycling offers great rewards to the aluminium industry if it can be made to work. Alcoa is seeking to achieve in Britain what Mr Otto Norland, chairman of Alcoa of Great Britain, calls "the closed loop."

When a high proportion of the used cans can be guaranteed to flow back to the company for recovery and processing into further canstock the savings become very great. If cans can be recovered and kept separate from other forms of aluminium the scrap metal is worth round £500 a tonne compared with only £200 a tonne for ordinary scrap aluminium. The company re-using the can metal saves 95 per cent of the energy that would be needed to make new metal from bauxite.

Alcoa is achieving recovery rates of 16 per cent of aluminium cans in its trial areas in Britain. That is good but does not compare with the U.S. where recovery rates of nearly 40 per cent are being achieved.

A furious argument is developing among leading figures of the international aluminium industry and forecasters both within the companies and observing from independent standpoints outside.

The general attitude at present is that the companies believe world aluminium will be back on a curve of relatively fast and sustained growth within a short time of the recession starting to lift. The minority view, which is growing in strength, is that the heady years of growth may be about to be followed by a maturing of the industry and lower growth.

Consumption of aluminium in the non-Communist world actually fell last year by 3.7 per cent. A further fall is expected this year. Rowe and Pitman in a recent report forecast "no real improvement in demand until early in 1982 when consumption could rise to 13m tonnes." That would represent a 1 per cent increase upon 1980 figures for non-Communist world consumption.

More than two years of actual decline in aluminium consumption is going to make the task of settling into a pattern of growth again in the future doubly difficult for the six big companies — Alcoa, Alcan, Kaiser, Pechiney, Reynolds Metals, Kaiser Aluminium, and Alusuisse. Their present tactic is to postpone ambitious development projects for new alumina, smelting, and fabrication capacity, by every means open to them without actually throwing the baby out with the bath-water. Nevertheless, investment in new plant for aluminium production continues at record levels in many parts of the world. The programme of expansion was rolling so fast before the recession struck that it has proved physically impossible to introduce a degree of fine tuning into the capital programmes to match the recession.

In the U.S. and Japan there have been many smelter closures—temporary and permanent—to bring capacity more into line with current demand. Meanwhole, in Australia a massive rethinking of the ambitious plans for new aluminium investment has been going on for several weeks.

Uncertainty

While uncertainty surrounds at least a proportion of the world expansion programme, stocks of unsold metal have built up to a level of about 2.5m tonnes during the past year and may well touch 3m tonnes before things start to improve. Although those stocks are expensive to finance during a period of high interest rates one body of opinion in the industry argues that big metal stocks may actually prove advantageous. Their existence will enable the introduction of some new smelters to be deferred until better times without supplies being disrupted. "Stocks can be considered as invisible smelters," said one aluminium man.

Perhaps the key question now facing the industry's planners is what the actual rate of growth in demand for aluminium is going to be during the rest of the 1980s and the 1990s?

That growth rate could prove to be dampened to a lower figure—in relation to world economic growth — than the aluminium industry has been used to. Certainly aluminium will have to fight for its place against a highly competitive range of other light-weight, non-corrosive materials. Its right to be the natural successor to steel in the building of motor cars is already being challenged by plastics which are being found suitable for a number of parts.

The other emerging factor which will become steadily more important is the merry-go-round of scrap recovery and scrap usage. As recovery and processing techniques improve scrap aluminium is going to become a major source of the metal. The aluminium industry of the 1990s may be as much concerned with recycling as with making new metal.

ALUMINIUM II

Producers thrown into disarray in recent weeks

WORLD MARKETS

ROY HODSON

WORLD ALUMINIUM markets have rarely been in such a state of disarray as during the last few weeks.

The economic pointers indicate so many different directions of possible movement during the coming months that it is proving difficult for integrated producers—companies concerned from the bauxite to the finished aluminium sheets or sections—to predict with any confidence the levels of their future business.

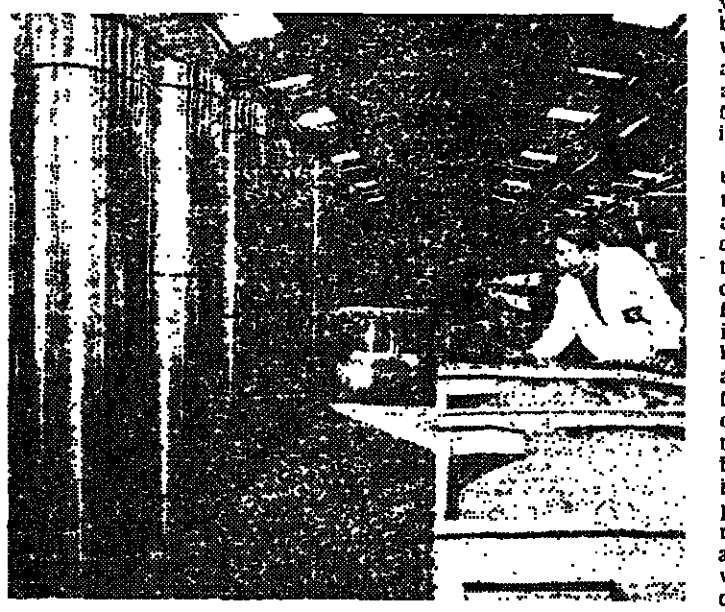
A clear U.S. decision about its rating of aluminium as a strategic material would help the market by removing some of the uncertainty. But the attitude of the Reagan administration is ambivalent. Targets established by the U.S. for strategic metals stockpiles two years ago require stockpiling of 7.2m tonnes of aluminium.

At present the stockpile contains only about 1,700 tonnes of aluminium ingot. There are also 3m tonnes of bauxite. If the government stockpile targets are to be achieved with the same ratios of bauxite and aluminium the U.S. government must finance stockpiling of an additional 12m tonnes of bauxite and nearly 1m tonnes of ingot metal. So far it has shown no sign of being prepared to finance such heavy stocks. If it decided to do so there would be an immediate world boost to the fortunes of the aluminium business.

Total non-communist world stocks of metal are now somewhat about 2.6m tonnes and rising towards the expected high-water mark of 3m tonnes. A U.S. commitment to stock 1m tonnes of metal would provide an immediate uplift internationally for it would make the total world stocks appear a much more reasonable amount in context. As things stand at present the world stocks are seen by aluminium companies as embarrassingly high. There is, however, a minority view which argues that stocks are cheaper to hold than indulging in immediate heavy capital commitments in new aluminium smelters.

The world recession in aluminium demand has hit almost every producer except a conspicuous few who have captive local markets. Half the world's aluminium consumption is in the U.S.

In the U.S. there have been a series of closures of the higher-cost smelter lines as companies have desperately tried to reduce home production more in line with current demand.



Aluminium coils being prepared for despatch to Hong Kong from Alcoa, Bradford

The situation in Japan is even more serious. High prices for imported oil have virtually put the aluminium industry out of competitive business in Japan. About half the original smelter capacity—1.6m tonnes in the heyday of the late 1970s—has been closed either temporarily or permanently. Japan, faced with the reality of importing high cost energy, has made a strategic decision to in future buy the lion's share of her aluminium from abroad. The major supplier to Japan is likely to be Australia.

But even Australia has not escaped the recession unscathed. Another article in this survey examines the impact of the aluminium slump upon Australia's grand design to become the world's second biggest aluminium producer—after the U.S.—by 1990.

In many parts of the world plans to trim aluminium expansion have been pushed through almost unnoticed outside their own territories. Eurallumina will not now expand its 600,000 tonnes a year alumina smelter in Sardinia because the plant's potential customers, the aluminium smelters, showed a distinct lack of interest about financing additional alumina production.

Several alumina and smelter projects scattered around the Far East have been put on ice to await better times. The Philippines would dearly love to have a new 140,000 tonnes-a-year smelter. But none of the big companies capable of providing the expertise and financial muscle for such a project are willing to be involved at this delicate stage of progress in the world aluminium trade.

Such a tariff would apply to 600,000 tonnes of metal likely to be imported into Japan annually. The proposal is that companies importing would have to pay the equivalent of 9 per cent import duty to create a fund to help the domestic industry. Such an impost would be tantamount to subsidising an ailing domestic industry and the Japanese finance ministry is opposing it. But what is being talked about in Japan—the first big industrial nation to throw in the sponge on aluminium production and decide it is more realistic to import metal than attempt to meet all its needs with domestic production—could easily be repeated in other parts of the world.

The aluminium industry worldwide is engaged in a frantic search for new sources of cheap electricity for its energy-intensive process. That necessarily involves setting up shop in some remote parts of the world and exporting a high-value product into the industrialised countries. The basis of the arrangement is such that it will impose severe strains upon the world's trading arrangements.

An important study into the power costs faced by aluminium smelters worldwide has just been started by the Commodities Research Unit of London and New York. It is being sponsored by several leading aluminium companies and by a number of electric power utilities as well. CRU says successive rises in energy costs since 1973 have transformed power costs in aluminium production from being merely an important component in the costs of running smelters into the "overriding determinant."

The new study is designed to meet the needs of existing and potential aluminium producers as well as providing information to the electricity supply industry when they move into big supply contract negotiations with potential smelter operators. The study will have three main objectives:

- a survey of current rates and conditions of power supply to smelters;
- an analysis and assessment of the influences affecting the prices and supply terms of electricity to bulk users:
- an appraisal of trends in terms of recent supply contracts.

The recession has hit the world aluminium trade badly. In North America producers are working at nearly 700,000 tonnes a year below their capacity after a further cutback amounting to 400,000 tonnes during the summer months. The Japanese have already cut back by nearly 600,000 tonnes a year. In Europe, Anglesey Aluminium has cut back by some 35,000 tonnes a year and Pechiney has cut back by 14,000 tonnes a year at its plant in Savoy.

In a new analysis of the market, London metals experts Hargreaves and Williamson cast doubt on demand for aluminium in the non-communist world easily getting back to growth rates in excess of 4 per cent a year: "The recession of 1979-81 has shown that aluminium has become a mature, consumer oriented metal which is a hostage to the economic cycle. We must hope they—the producers—have all done their sums properly or we could have another nickel situation on our hands in about five years time."

One obvious casualty of the surplus of aluminium recently has been the traditional method exercised by the companies of producer pricing control. The truth is that control is slipping from their grasp as three things happen. The new factors that are so influencing events are; record stocks of unsold metal; the emergence of new producers in developing countries to influence the market traditionally dominated by a few vertically integrated world producers; the imminent prospect of recovered high quality aluminium scrap playing a part in transforming the industry from being a primary producing business into a recycling system. Unlike steel, aluminium can in theory go round and round for ever without becoming unusable.

MAJOR MARKETS FOR ALUMINIUM IN THE U.S.

Market	1980 lbs m	1980 % of total	1980 Rank	1979 lbs m	1979 % of total	1979 Rank	1978 lbs m	1978 % of total	1978 Rank	1970 lbs m	1970 % of total	1970 Rank
Containers and packaging	3,334	23.4	1	3,223	21.6	1	3,141	21.8	2	1,473	14.6	3
Building and construction	2,610	18.4	2	3,057	20.5	3	3,208	22.2	1	2,251	22.3	1
Transportation	2,237	15.7	3	3,081	20.7	2	3,088	21.4	3	1,546	15.3	2
Electrical	1,378	9.7	4	1,573	10.6	4	1,471	10.2	4	1,359	13.4	4
Consumer durables	878	6.2	5	1,021	6.9	5	1,151	8.0	5	932	9.2	5
Machinery and equipment	828	5.8	6	949	6.4	6	988	6.8	6	605	6.0	6
Exports	2,193	15.4	—	1,023	6.9	—	747	5.2	—	1,152	11.4	—
Other	599	4.2	—	643	4.3	—	636	4.4	—	791	7.8	—
Statistical adjustment	+164	1.2	—	+317	2.1	—	−5	—		—	—	—
Total	14,221	100.0		14,887	100.0		14,425	100.0		10,109	100.0	

Source: The Aluminum Association 1980.

GROWTH RATES OF U.S. MARKETS

Ten-year compound growth rates by major markets for the period 1970-1980

	%
Containers and packaging	10.2
Electrical	.1
Machinery and equipment	−3.2
Building and construction	1.5
Exports	6.7
Transportation	3.8
Consumer durables	−0.6
Other	−2.8

Source: The Aluminum Association.

SHARE OF WORLD ALUMINIUM PRODUCTION

	1960	1970	1980	1985 forecast
North America	69.8	56.7	44.9	39.2
Western Europe	23.8	25.0	30.7	27.9
Japan	3.7	9.0	6.4	5.3
Sub-total	*97.3*	*90.7*	82.0	71.5
Other countries	2.7	9.3	18.0	28.5

SHARE OF WORLD CONSUMPTION

	1960	1970	1980	1985 forecast
North America	51.0	46.7	41.7	41.4
Western Europe	38.5	32.8	31.6	28.4
Japan	4.7	11.5	13.6	15.9
Sub-total	95.2	91.0	86.9	85.7
Other countries	4.8	9.0	13.1	14.3

Source: Chase Econometrics.

PRIMARY ALUMINIUM PRODUCTION

World production in thousands of metric tonnes

Country	1980*	1979	1970
North America	5,766	5,461	4,614
Canada	1,068	860	973
United States	4,654	4,557	3,607
Mexico	44	44	34
South America	738	628	135
Argentina	119	119	—
Brazil	256	238	57
Surinam	50	64	55
Venezuela	313	207	23
Asia	1,916	1,844	1,063
Bahrain	126	126	—
China	363	363	127
India	185	211	161
Iran	10	14	—
Japan	1,091	1,011	733
South Korea	21	22	15
Taiwan	64	56	27
Turkey	31	32	—
United Arab Emirates	25	9	—
Africa	413	373	166
Cameroon	40	44	53
Egypt	120	77	—
Ghana	170	169	112
South Africa	83	83	—
Oceania	460	424	206
Australia	304	269	206
New Zealand	156	155	—
Europe	6,065	5,826	3,470
Common Market Countries	2,068	2,024	951
France	432	395	381
Germany, West	731	742	309
Italy	271	269	146
Netherlands	259	259	75
United Kingdom	375	359	40
European Free Trade Association	987	991	807
Austria	94	93	90
Iceland	74	73	38
Norway	651	660	523
Sweden	82	82	64
Switzerland	86	83	92
Other	3,019	2,811	1,712
Czechoslovakia	38	37	31
Germany, East	64	64	59
Greece	145	141	87
Hungary	73	72	66
†Poland	91	96	99
†Romania	241	217	102
Spain	386	259	120
USSR	1,787	1,751	1,190
Yugoslavia	185	174	48
World Total	15,358	14,556	9,654

Source: The Aluminium Association 1980 Aluminium Statistical Review (converted from short tons). * Preliminary data. † Includes secondary.

U.S. PRIMARY ALUMINIUM CAPACITY

In thousands of metric tonnes at year ending 1980

Company	Capacity	% of total
Alcoa	1,564.9	31.3
Reynolds	884.5	17.7
Kaiser	656.8	13.2
Alumax	377.1	7.6
Anaconda	326.6	6.6
Conalco	319.3	6.4
Howmet	198.4	4.0
Martin-Marietta	190.5	3.8
Revere	184.3	3.7
Noranda	127.0	2.5
National	81.6	1.6
Southwire	81.6	1.6
Total	4,992.6	100.0

Source: The Aluminium Association.

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ALUMINIUM III

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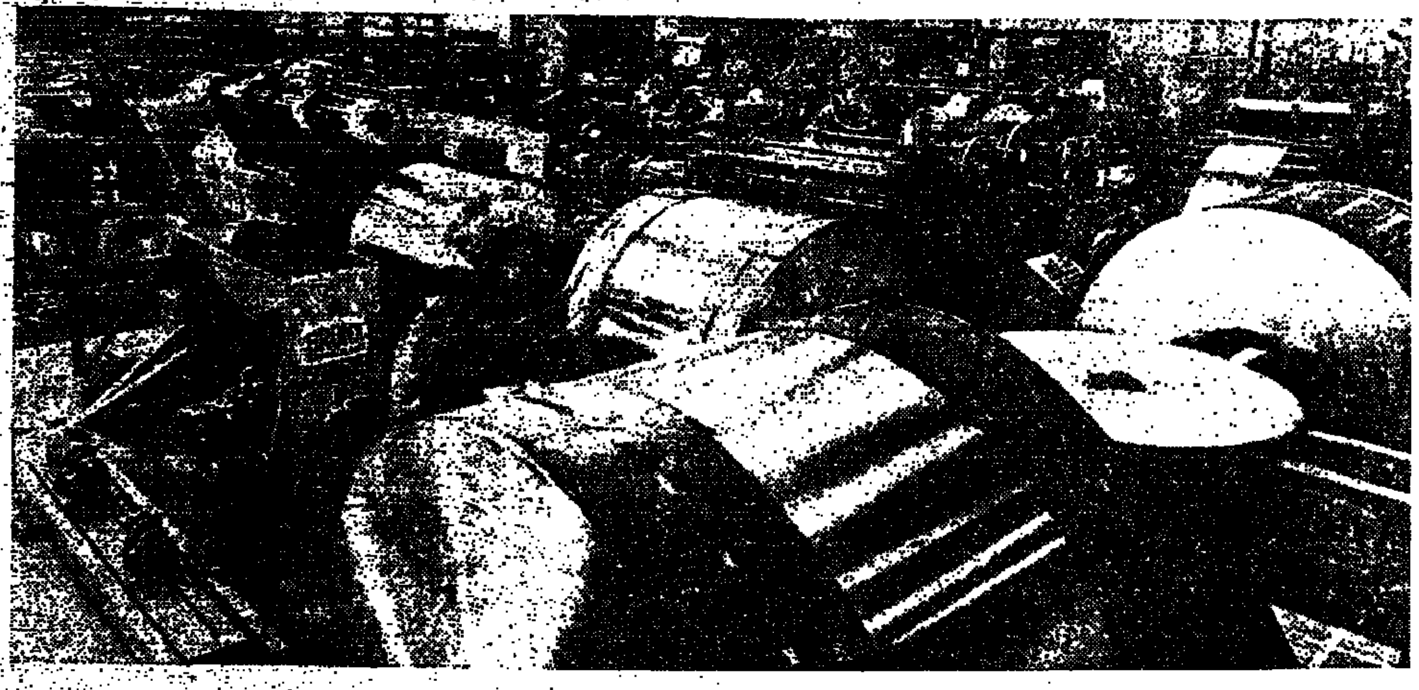
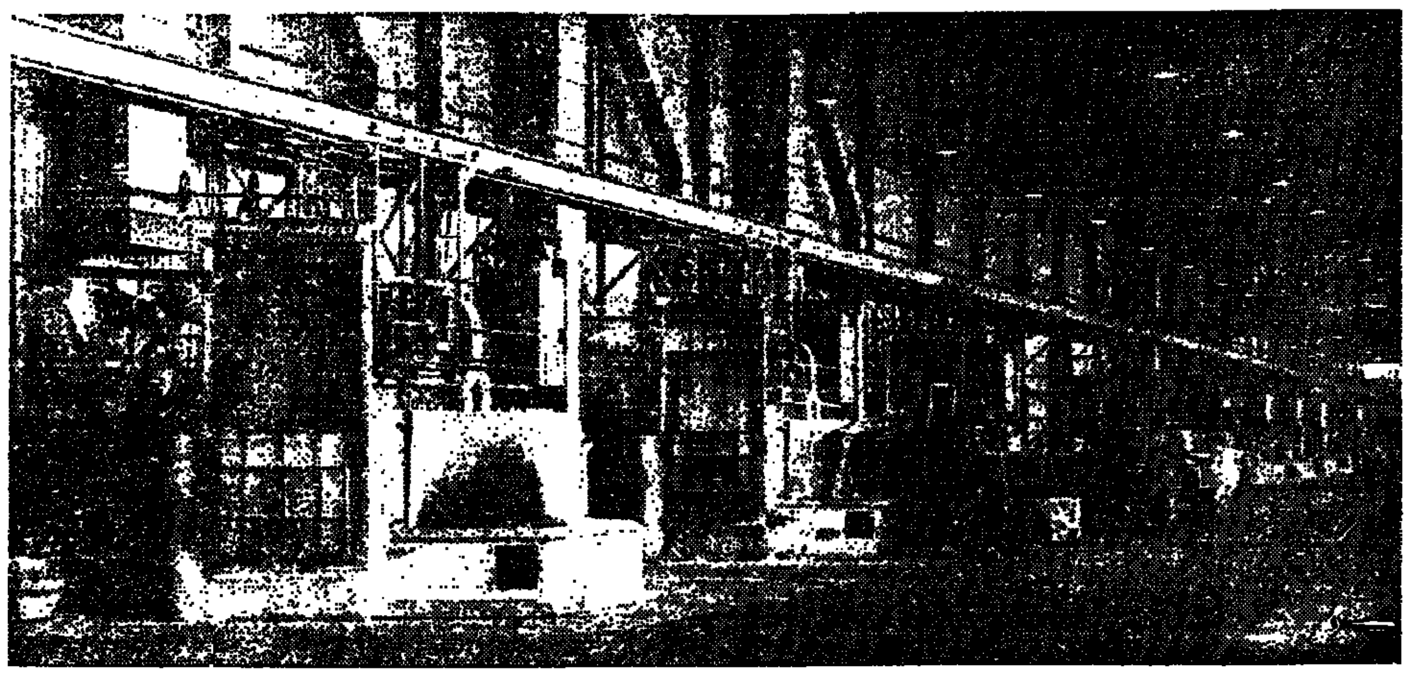



A new Bronx cut-up and levelling line (left) at Tipton, West Midlands, where Alcan will soon make available non-standard sizes of aluminium. Right: Wellman furnaces, installed in Norway

Price discounting now appears to have levelled off

UK MARKET

PETER CARTWRIGHT

THE WIDESPREAD discounting of producer and mill prices appears to have levelled off in the past three or four months. But between the middle of 1980 and the middle of this year it was extremely difficult for published prices to be realised. Currently about half the 6 to 7 per cent price increases by the producers are thought to be achieved, and the proportion is expected to grow, though slowly.

The UK has always had a much stronger policy on pricing that on the Continent, where prices have tended to follow the lowest, and there was a general refusal to take on business at less than quoted prices.

But in the past two or three years, with the recession biting ever more deeply, discounting has been widely practised in order to protect future business and, indeed, to get the business at all. In the past few months market pressures have relaxed somewhat as stocks have been run down, and with the trough having been reached are not expected to become more intensive.

For one thing, European operators, encouraged by the UK, have been reviewing policies, following the example of one or two German and French companies that have been losing money, to assist them. It has been brought uncomfortably home that it is the profitability on the tonnage, and not the tonnage itself that counts, and a harder pricing policy is being followed.

With UK wages up by some 8 per cent, higher prices having to be paid for dollar-aligned materials and increased rates, rents and energy costs, another round of price increases next year is a certainty.

As would be expected, discounting has been most rife for standard products, particularly rolled products, in which domestic competition has been accentuated by imports. These have been taking some 40 per cent of the market and while, because of industrial action, there are no Customs and Excise figures to prove it, the volume of shipments is believed to have continued despite the contracting market.

On the other hand there are key sectors where competition is so limited that discounting has not been necessary. There are, for instance, only two major suppliers in Europe of aircraft sheet—British Aluminium and Pechiney, and only three of aircraft plate—Alcan Plate, Pechiney and Kaiser. Likewise, if British Rail wants heavy sections for the Advanced Passenger Train it is right up Alusuisse's street. But in ordinary rolled products distributed by stockholders only the specials have managed to retain their prices.

The main markets for aluminium have changed remarkably little during the recession. Of total consumption in 1979, admittedly a good year, transport in all its forms and defence including tanks and aircraft took 26 per cent, building 15 per cent; electrical engineering 9 per cent; domestic equipment 8 per cent, general engineering and printing 11 per cent. Packaging took a substantial 17 per cent in foil and sheet.

All the castings for the road vehicle industry came from UK foundries (45,000 tonnes for cars, 11,000 tonnes for commercial vehicles). But a sizeable proportion of rolled products were imported. Of the 28,000 tonnes going into trucks, half were imported, and 43 per cent of the 6,500 tonnes going into cars came from foreign mills. Sheet for caravans came mainly from the UK, only 10 per cent of the 9,000 tonnes used being imported.

Imports for the building and construction industry were also on the high side—29 per cent of the 20,000 tonnage total, while the packaging people used nearly a third of foreign foil and just over half of the sheet requirements. Consumption was 50,000 tonnes of foil and 52,000 tonnes of sheet.

Since foreign based stockholders like Alustock (Swedish) and Almet (French) have either restricted their operations or withdrawn altogether (Alustock is supplying direct from Sweden) it would appear that they have not been among the chief importers responsible for the high figures. Whatever the situation, competition from foreign made products bought relatively cheaply while the pound was strong, has been partly responsible for the plight stockholders find themselves in.

One has to look very closely at this sector of the market to find anything worth writing home about, although it is generally believed the bottom of the trough has been reached. On the other hand, while there are those who say that business should begin to turn up again by the middle of next year, many are thinking in terms of a couple of years.

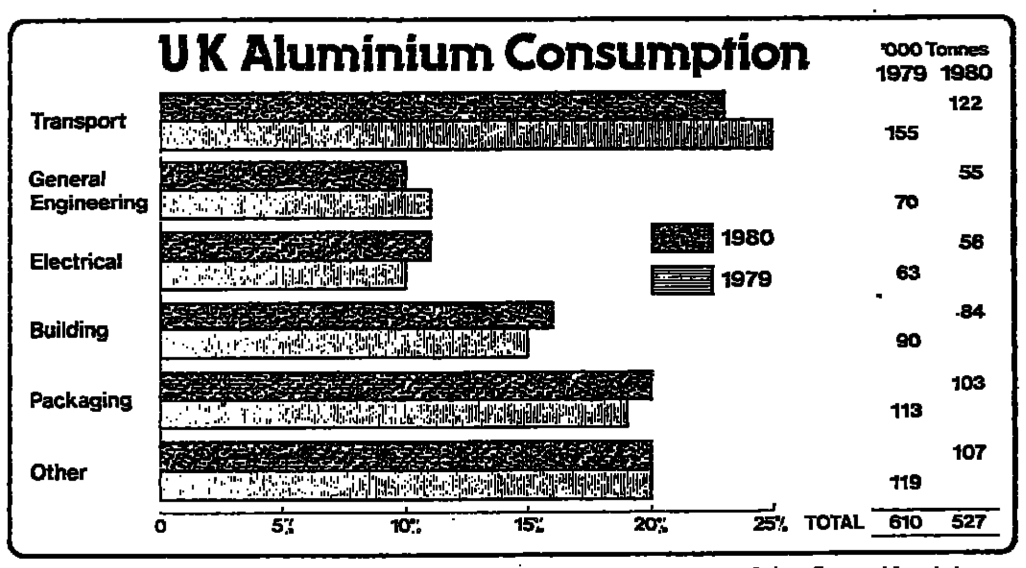
Nevertheless, there are one or two signs of better things to come. A wire product supplier has noticed a definite improvement in demand for welding wire and knitting needles. There are 14m knitters in the country.

While the smelters and mills have been contracting, investment has been going on further downstream, even in stockholding, which is a service to industry in that orders are presented to customers to the exact specification and dimensions to enable products to go straight on to the production lines without further processing.

Alcan Metal Centres has established a separate process centre at the cost of some £500,000 at Tipton, Staffs, for non-standard sheet material.

In the same stable, Alcan Plate is commissioning an £11m plant for processing an advanced high strength alloy for the aerospace and defence industries worldwide from casting through heat treatment to despatch.

Also in the Midlands, at its Tamworth and Birmingham factories, J. V. Murcott is installing 1,500 tonnes and 2,000 tonnes capacity pressure die-casting machines to make components for micro-processors. The larger machine is claimed to be the biggest of its kind in the UK and the principal customer for its products is flying them to its customers in various parts of the world.



Further north Daniel Doncaster, Sheffield, better known for its steel forgings, is entering the aluminium forging market with an initial £200,000 investment expected to be added to. The forgings will be going largely to the vehicle industry for weight (ie fuel) saving purposes. These and other projects help to relieve an otherwise fairly gloomy picture.

The recession in the vehicle industry has hit foundries and secondary smelters hard. It is difficult to get precise figures, but it is thought 24 foundries went out of business in 1979-80 with the loss of 530 jobs. The following year 39, including some of the bigger foundries, ceased operating with the loss of another 2,300 jobs. At the same time 40 foundries were reported to be casting aluminium for the first time. The explanation for this is believed to be smaller jobbing foundries desperate for business taking on aluminium work at cut rates.

Rolling mill capacity has been cut by at least 20 per cent, judging from the casualties like Birmetals, British Aluminium, Rheola (closing shortly), Star Aluminium at Wolverhampton (except for foil) and the phasing out of rolled sheet products by Alcoa, leaving only the production of can stock.

The contraction throughout almost the whole industry is making it easier for the survivors to gain orders, but the level of business in some sectors still suggest some overcapacity. Not many are operating at more than 75 per cent capacity and it is likely to be at least eight or nine months before a significant improvement in turnover is seen.

Projects rescheduled to meet new forecasts

THE LAST great gesture towards growth to be made by the world aluminium industry before markets faded last year was the planned creation of a new industry in Australia.

If the growth in aluminium demand had continued relatively unhindered at several percentage points a year the intention was to instal up to 2m tonnes of new primary aluminium production capacity throughout the Australian states by the end of this decade. It would have been the biggest and fastest single industrial programme ever undertaken and would certainly have cost more than A$10bn.

The grand design for Australia, which almost every big name in the aluminium business was prepared ot participate in as recently as nine months ago, has become an early casualty of the recession that has caught the aluminium business in its grip.

Projects have been abandoned or re-scheduled to meet the new forecasts for the 1980s and 1990s. Australia is still destined to become the world's second biggest aluminium producer after the U.S. for the sufficient reason that Australia has abundant low-cost power—by world standards—bauxite, and suitable sites for development. However, the creation of that industry will take far longer than the ambitious plans of the late-1970s promised.

Originally the intention was to increase Australian capacity to produce aluminium ingot from the present figure of less than 300,000 tonnes a year—which is ample for Australia's own needs together with a modest export component — up to the 2m tonnes a year level by building five or six big smelters and expanding three others.

All the new developments were to be based upon electricity from thermal power stations using newly-tapped supplies of Australia's abundant cheap coal.

The first sign of faltering in the overall plan came during the summer. Alcan reworked its sums and decided to concentrate the group's future expansion upon its remaining supplies home ground, Canada, rather than go ahead with a new 300,000 tonnes a year aluminium smelter at Bundaberg in Queensland. That smelter was due to be fully operational by 1989. Meanwhile, Alcan is completing the installation of additional capacity at its existing smelter in Kurri Kurri, New South Wales, and certainly intends to continue to regard Australia as a major theatre of operations.

Three of the other new smelters in Australia are under construction. Pechiney, CSR and others will be producing 220,000 tonnes of metal a year at Tomago, New South Wales, by 1985 if the programme keeps

AUSTRALIAN DEVELOPMENTS

ROY HODSON

to schedule. Comalco, Kaiser, and others will have a new 103,000 tonnes a year smelter at Boyne Island, Gladstone, Queensland, by the mid-1980s. In the current harsher climate in the aluminium industry there must be doubts whether that project will be expanded to a massive 412,000 tonnes a year by 1989 as first intended.

Another new smelter at Lochinvar, New South Wales, by BHP and others, is intended to produce 236,000 tonnes a year by the mid-1980s. But it is suggested that the programme will slip by several years. The cost of building the smelter in the Hunter Valley, inland from Sydney, has risen by 40 per cent. Alumax recently dropped out of the partnership with BHP because of concern about markets, the costs of construction, and rising labour costs in Australia. BHP has continued to affirm, however, that it is going ahead and will find another partner.

The last of the new Australian smelter projects is the partially-built Portland, Victoria, smelter of Alcoa. A cloud has hung over that project for some weeks since Alcoa objected violently to a new scale of electricity tariffs put up by the Victoria state electricity authority. It seems inconceivable that Alcoa will abandon the project at this late state (production of 132,000 tonnes a year is scheduled to start in three years). But the row between Alcoa and Victoria has served to focus attention upon the importance of energy prices in Australia remaining competitive by world standards of aluminium development is to continue.

Western Australia would also dearly like a smelter to fit in with its ambitious plans for a new pipeline to utilise offshore natural gas, and its thriving alumina industry. A smelter of 220,000 tonnes a year capacity has been considered and Alcoa has been interested together with a rival consortium of Reynolds, Sheel and CSR. That idea could easily become a casualty of the present downturn in aluminium demand. But the advantages of smelting in the state are so obvious that it is sure to be revived at some time during the next few years.

New Zealand, meanwhile, has been just as interested as Australia in developing aluminium production although on a smaller scale. In spite of the long sea haul from New Zealand to many aluminium markets the industry has been encouraged by promises of low-cost hydro-electric power. The programme took a severe knock earlier this month when Alusuisse pulled out of the Aramoana smelter project and CSR of Australia said it was also reconsidering its participation. The two companies each held 25 per cent of the proposed smelter, with Fletchers Aluminium of New Zealand holding the remaining 50 per cent.

Alusuisse complained of "disadvantageous energy and freight costs." The stumbling block appears to have been power prices with New Zealand offernig power at a price some 2 U.S. cents above the ruling level in the U.S. of 1.5 cents a kilowatt for modern smelters.

The rumbles of discord between the aluminium industry and host governments on electricity prices have, in fact, spread right across the world. The industry's stance is that the metal can only be made and sold at prices which will enable it to displace other materials and capture markets if its energy-intensive production is based upon the cheapest power available. To find such power the big aluminium companies have been prepared to go far into the jungles of Brazil, into the outback of Australia, and into the more remote areas of New Zealand.

In almost every case the aluminium companies have been disappointed by the difference between the electricity prices quoted during preparatory discussions with host governments and the prices demanded when the smelters have reached construction stage.

Alcan's withdrawal from the Bundaberg project in Australia is seen by many in the industry as a classic case of a company re-working its sums when faced with a bigger power bill than expected and finally deciding it would be better to concentrate further expansion in its own back yard for the time being.

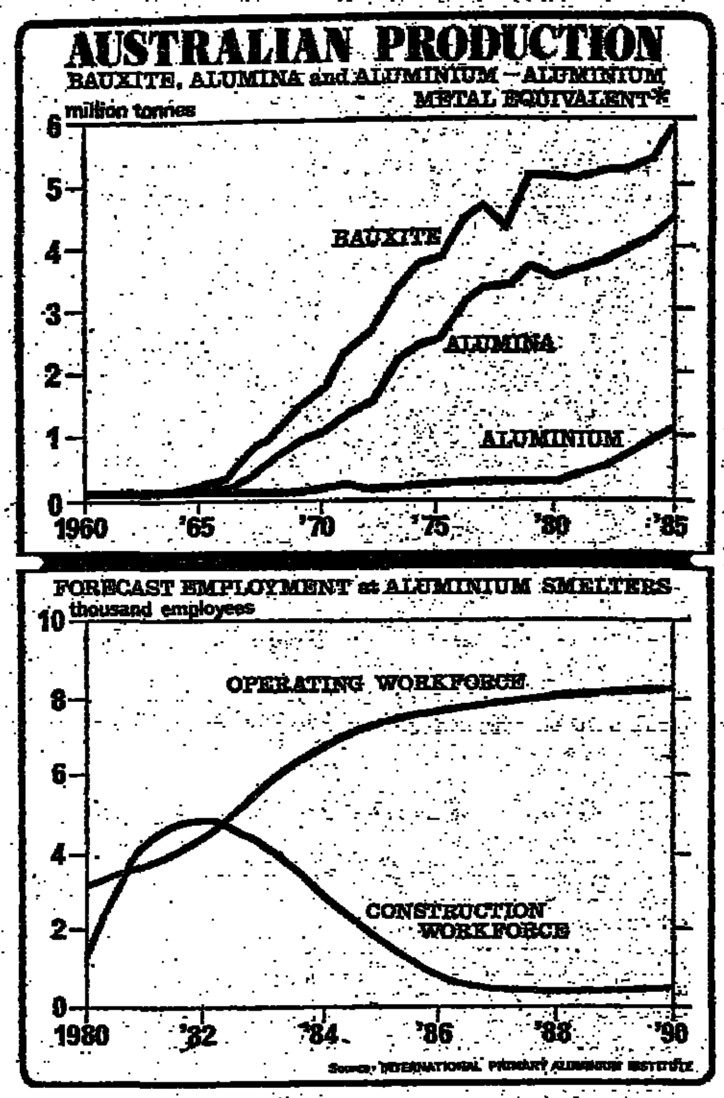
In Australia the problem of keeping power costs down is less concerned with the actual extraction of cheap coal—there are enough reserves to keep the whole world supplied with energy for many years—than with the haulage to power stations and the development of the power stations themselves together with adequate distribution networks.

Power supplies have become a political issue in Australia this year. A break-down in power supplies in Victoria caused heads to roll in the state government. Voices were raised against the aluminium smelters programmes on the basis that they were being favoured with subsidised power at a time when supplies were inadequate to other consumers.

Perhaps some of the international companies did naively believe, when they first negotiated their new smelters in Australia, that they would get subsidised power. But that idea has long since been abandoned. The actual power prices for new smelters will all be published and are expected to reflect the lowest possible rates that can be pitched economically for such massive power users as smelters which operate on a continuous basis.

The advantages of using Australian coal to convert Australian bauxite into Australian aluminium are not being overlooked by either the federal government or the state governments. The metal is worth up to A$2,000 a tonne in export value which puts it in a different league from coal or xauxite exports as well as creating new jobs.

Australia is still destined to become a world leader in aluminium production. It is just going to talke longer than the first ambitious programmers proposed.



Bauxite and alumina converted to metal equivalent according to the formulae of 5½ tonnes of bauxite yielding one tonne of metal; 2 tonnes of alumina yielding one tonne of metal

Sales take a bad knock

EUROPEAN aluminium sales have taken a bad knock recently. It is likely that consumption of semi-finished products will be 3 per cent down upon last year, which was 2 per cent down upon 1979. With producers and traders under such severe pressure it is timely that a new body with wide responsibilities for the various aspects of aluminium production should be coming into being.

The European Aluminium Association, which is setting up headquarters in Dusseldorf, will represent the interests of 19 primary aluminium companies in Western Europe, the producers of secondary aluminium, and makers of semi-manufactured aluminium products and foil.

The new association will be heavily engaged representing the interests of the industry to the European Economic Community in Brussels. It will also make representations to non-government bodies on behalf of the industry and will help national federations in their dealings with their own governments.

Looking beyond Europe the new association expects to have a role speaking for the European aluminium industry with the rest of the world and it intends to provide the backing of a statistical department.

Until 1980 there were separate European associations for each sector of the aluminium busines. The need for a single body has become increasingly obvious as pressures upon the industry have grown in the last two years.

Mr Dick Charles, managing director of British Aluminium, is the first chairman of the new body. He describes it as an umbrella organisation which will be able to speak up in Brussels and elsewhere without administrative delays and which will be in a position to handle threats from competitive materials. For instance, he expects the association to be much involved with EEC legislation about packaging materials legislation for foodstuffs.

Although the European aluminium producers at present feel rather down they are not out. Dr Giorgio Camatini, of Italy, speaking for the wrought aluminium industry predicts a "substantial upsurge in European aluminium demand" before the middle of next year. In view of the fact that present inventories are fairly low that upsurge is expected to quickly trigger an improvement in market prices which should be sufficient to bring companies back into profit.

During the recession of 1975 the sales of semi-finished aluminium in Europe fell by 18 per cent from 2.6m tonnes. The following year saw an even more dramatic drop of 28 per cent. Dr Camatini says that during the current recession the movements have been much less marked and a different pattern from th mid-1970s recession is appearing. "While five years ago we had a spectacular recovery with a consumption in 1976 higher than two years previously, we anticipate that in 1981 the consumption of aluminium semi-finished products will only slightly decrease. In other words the present recession is mild in terms of volume but it is lasting over a much longer period than the previous one."

In some sectors of the market there have actually been signs of recovery or expansion. The Foundry Industry Training Committee, which is in a position to monitor aluminium usage, recently reported that 40 new companies using aluminium metal for casting purposes had started up in Britain during the past two years.

Growth of aluminium usage in Europe during the 1980s is assured once the depression fades. Europe now has one of the biggest aerospace programmes in the world and it will be a voracious user of high quality aluminium alloys for many years to come. Transport is expected to be the biggest growth area of all for aluminium. There are now aluminium trains and rolling stock. It is already the most widely-used metal for truck and van bodies. The aluminium companies have long awaited a radical switch to the use of aluminium in motor cars.

EUROPEAN TRADE

ROY HODSON

There is still a long way to go before steel is ousted. Indeed aluminium may never replace steel as the preferred material for car-body panels. But European motor manufacturers are now vying with the Japanese in the production of aluminium engines to save weight and fuel. The engine market is important because it offers a source of readily recyclable metal at the end of the life of the car.

Any resurgence in shipbuilding will provide an important boost for aluminium. She trend is otwards weight, and fuel, saving superstructures and equipment. Corrosion-resistant marine grade aluminium alloys are becoming increasingly popular among naval designers.

Aluminium already has an important share of the electrical market for transmission lines and condenser foil. As a general rule whenever aluminium displaces copper for yet another use in electrical engineering the change has been made for the good. It is rare to find manufacturers switching back to copper although at times the price of copper can look attractive compared with aluminium.

Aluminium has yet to make any real impact upon the European can market. The Alcoa can stock plant in South Wales is more of a gesture of faith that the trend will favour aluminium in the future. It is backing up that faith by its pioneering work in Britain on can recycling. But the widespread conversion of the European canners, breweries, and drinkers to the aluminium can still appears to be some years away. Indeed the tin plate producers may prove successful in defending their traditional market from the invader.

Packaging is going to provide many new outlets for aluminium in Europe. The foil makers have agreed to join the new European Association and their problems as the use of foil grows will give the association plenty to do. As foil and foil laminates are in direct contact with many foods, legislation concerning its use is growing equally as fast as the growing demand for the foil. Changing social patterns as women refuse to be prisoners in the kitchen will undoubtedly do a lot for foil sales in the 1980s both as wrapping materials and in the form of dishes and containers for precooked and frozen foods.

Consumer durables are also going to take much higher tonnage of aluminium in Europe. Currently consumption by that sector represents about 6 per cent of the overall market. But a pointer to the future is offered by the U.S. when consumption is more than 10 per cent.

Rowe and Pitman commented in a recent report: "the use of aluminium in air conditioners, freeers, and refrigerators is based on the physical properties of the metal, specifically its conductivity. In this sector aluminium competes with copper in the market-place where aluminium has the advantage of more stable prices. Use of these units should expand in the next ten years, especially in countries with very hot climatic conditions where disposable incomes are rising—Brail, the Middle East, and some Pacific nations."

Similar points can be made about furniture, kitchen utensils, and sporting equipment. The European aluminium industry is feeling, quite acutely, the twin pressures of poor sales and depressed prices while raw materials costs rise. But it should emerge from the recession stronger and better organised than ever before in its history.

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Financial incentives often lacking

RECLAMATION

PETER CARTWRIGHT

THE UNDERLYING firmness of aluminium scrap prices despite the cut-throat pricing throughout the industry indicates a future shortage as the climb out of the recession begins. Indeed, a strong body of informed opinion believes it does not need much more than a continuation of the present better trading occasioned by a better-than-expected performance from the motor industry to trigger a shortage.

That this should be so illustrates the potential for reclamation, yet progress in the UK outside what is being done by Alcoa is disappointingly slow. The trouble is that the financial incentive to do so is often lacking. One of the largest sources of scrap is the dustbin. It is estimated that more than 60,000 tonnes of aluminium and other non-ferrous metals are contained in the near 20m tonnes of waste that are processed by municipal incinerators.

It is difficult, but not impossible to separate aluminium from other non-ferrous metals automatically although hand picking or segregation is likely to be necessary to obtain parcels of scrap of the various specifications and qualities required by the smelters. But the energy argument for doing so is undeniable. It costs only a few per cent of energy to refine scrap compared with producing virgin aluminium.

The degree to which aluminium enters into daily life can be expressed in round figures, though these reflect more normal times than the present. Of the 600,000 tonnes or so of aluminium products made in the UK some 200,000 tonnes comes from scrap recovered from vehicles, washing machines, refrigerators and other domestic appliances.

Aluminium has in the past few years, since the oil crisis, been used to lighten vehicle weights to provide better fuel consumption.

While the UK motor industry has not gone as far as those in Europe in making all-aluminium engines, substantial quantities are used in road wheels, transmission housings, van bodies and other major components. And since around 1m cars a year go to the scrapyards, the automotive industry represents a big source of aluminium scrap.

But all these sources need either sophisticated plant to separate it from other materials or hand picking or a combination of both. The degree to which resources are being devoted to recovery vary widely, often according to the enthusiasm which local authorities show and the finance they have available. Industry is much more conscious of the value of returning off-cuts, turnings and other scrap for refining.

There is one source that both involves the public and provides high quality scrap of consistent specification — aluminium cans, consumption of which has grown as they have penetrated the tinned can and bottle sectors of the market. Though losing some sales to newer types of plastic containers, especially for family soft drinks, they are gaining over bottles in the alcoholic drinks sector.

It started with the collection of foil, ring pulls and milk bottle tops for charity and has blossomed into organised collections at supermarkets, open-air markets and other centres backed by local authorities. The initiative has largely come from Alcoa, which provides aluminium strip for UK and European can makers from its plant near Swansea. Collecting cans makes a lot of sense, for after burning off the lacquer and paint they can be melted, turned into ingots and re-rolled into can strip again.

The technical part is a good deal simpler, in fact, than getting the co-operation of people to collect the cans, although the incentive to do it for charities is often sufficient to get things moving.

Judged purely on percentages, progress in collecting cans is very encouraging. This year the number of cans being collected has shot up by 450 per cent over 1980, largely as the result of an extension in the number of city-based schemes from two to five. Glasgow started in April, Manchester and Portsmouth in July. More are scheduled to join during the next twelve months.

These Cash-a-can schemes started nearly two and a half years ago in Edinburgh, chosen because there was a big can plant in the area and people north of the border showed a strong preference for canned drinks. The potential was an estimated 5m cans. Currently the schemes are yielding some 60,000 cans a week at a cost of 14p a kilo.

Heartening though this may be, it is a fleabite compared with what is happening in America. Six states now have container deposit legislation, one of the first being Oregon. Last year 15bn cans were collected, twice as many as in 1979. Of these no less than 7.6bn were collected through Alcoa schemes, well over twice as many as in the previous year.

Even if all the cans used in the UK were collected it would be less than 1bn. By the middle of the decade, if can makers' hopes are realised, this figure will have been doubled. By then collection could be running towards the half million. But it is admitted that a much more energetic campaign outside Alcoa will be needed. Legislation on the American style is not contemplated, though if the throwaway propensities of British society are to be sensibly curbed it may be required.

If the forecasts are realised of a future aluminium scrap shortage developing as it did a couple of years or so ago, when prices topped those of virgin aluminium, all methods of reclamation are likely to be required. The major companies dealing in scrap metal have been continuing to invest in new equipment to improve separation to meet the tighter specifications required by the smelters.

Possibly £6m annually is being ploughed into new investment to maintain and improve the recovery industry's competitiveness and export achievements.

Exports have been of increasing importance in maintaining cash flows during the recession. Although the previous strength of sterling has been a hurdle that had to be surmounted, the higher price for aluminium scrap that obtained in Europe made a profit possible after paying something like £20 in freight charges. It is perhaps ironic that the shortage on the Continent has developed in part because of the success German, French and Italian car makers have had in the UK market. Their reclamation industries have lost a lot of potential material which is now finding its way back. And now the pound is somewhat weaker the business is even more worthwhile.

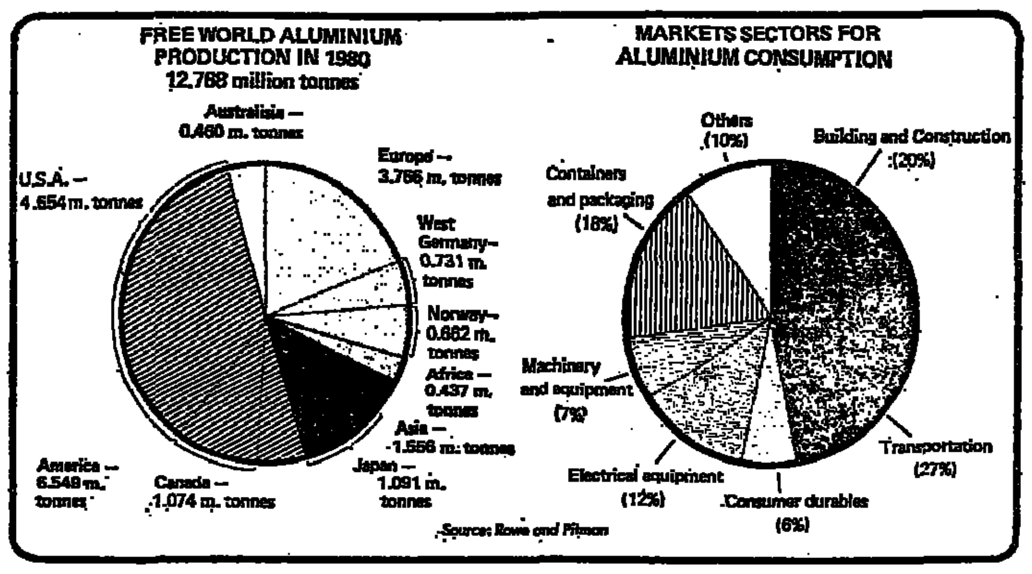
One of the reasons exporting has assumed so much importance has been underlined recently with the closure of BKL's smelter at Telford in the spring, and the forthcoming closure of International Alloy's secondary smelter at Aylesbury at the end of the year. Together they represent about 80,000 tonnes capacity, equally shared, and their demise mirrors the depth of the recession.

BKL's decision was taken fairly calmly, but the decision by the parent, Alcoa, to shut the long established International Alloys has shaken the industry. While BKL is the loss of a customer in the recycling business, this operation at Aylesbury is being transferred to Alcoa's plant near Swansea. A question mark hangs over one or two other secondary smelters but it is not expected that scrap will fail to find a UK home. When better times return it is anticipated that BKL will take its plant out of mothballs.

Whether the secondary smelters come under renewed pressure on margins depends largely on the difference in price between scrap and virgin metal, as well as an upturn in the economy. Firm scrap prices and weak new metal prices make it hard to scrape a living.

In these circumstances hopes are being pinned on the success of efforts being made in a European context to stabilise new metal prices at levels that more realistically reflect the costs of production.

Much depends on the scrap metal companies' programmes of investment in new plant to meet the increasingly tight specifications demanded by customers. With mining costs continuing to rise primary smelters are considering how to maximise the use of suitable scrap where possible or like Alcoa to set up a secondary on site operation.



Source: Rowe and Pitman

Attitudes change towards London Metal Exchange

FUTURES

JOHN EDWARDS

AT ONE TIME aluminium producers were contemptous of the London Metal Exchange futures market. Producers bitterly opposed the launching of the market three years ago, and subsequently took either a sneering or patronising tone whenever it was mentioned.

But that attitude has changed considerably. Price movements on the futures market are followed with great interest by all sectors of the industry. That does not mean that, as producers feared initially, the Exchange has taken over the pricing of aluminium. The bulk of aluminium is still sold at the price quoted, or offered, by producers. But the Exchange does provide an indication of trends and the underlying sentiment in the industry.

Growing turnover, including much greater use of the market by producers who previously opposed its existence, has helped establish it as part of the industry. There has always been a free market for aluminium, dealing in supplies not controlled by the major Western world producers. But it was a hazy area with the more powerful merchants able to influence prices according to their own interests or for hidden reasons.

What the Exchange has done is to bring the free market into the open, with a proper recognised pricing structure available to both potential buyers and sellers. It also provides hedging facilities for those dealing in free market supplies, who were previously vulnerable to unpredictable price fluctuations.

Direct comparison between free market and producer-priced aluminium is difficult. The producers provide delivery of a specified quality or type of aluminium at a delivered works price, duty paid. The Metal Exchange price is ex-warehouse, of the sellers' choice, anywhere in Europe; the EEC import duty is payable; and the quality of the aluminium can be variable to say the least since the contract allows for the widest quality range, down to 99.5 per cent purity.

The differential between the producer and LME price is variable, depending on the location of the buyer, and the quality and quantity required. It is no secret, for example, that producers have been offering large discounts below their published prices during the times of slack demand. Nevertheless despite the great differences there is a correlation between producer and free market aluminium supplies, with the free market exercising much greater influence than in the past.

This is partly because of the changing structure of the industry itself, with the entry of many new sources of supplies not controlled by the major groups. At the same time it is a reflection of the chaos in the international pricing of all metals as a result of the constant fluctuations in exchange rates.

Traditionally producers have fixed their international prices in U.S. dollar terms and used this as the basis to translate prices into local currencies. But the changes in the value of the dollar itself, and the constant shift in values of other currencies against the dollar, means that international prices are almost meaningless and unworkable.

The producer is not only faced with the possibility of being made price uncompetitive, due to the exchange rate changes, but also has a fluctuating return to help meet the costs of production and finance future investment.

It is an unhappy situation, which the greater flexibility of the Exchange is able to take advantage of—by reflecting the constant changes. So its influence has gradually grown, greatly helped by the increasing instability in the industry.

However, the Exchange is still subject to considerable criticism. Producers and consumers alike used to prices that changed only every so often, view with concern and distaste the heavy speculative element that often helps bring sharp fluctuations in aluminium values on the Exchange for no apparent reason.

The consumer of aluminium does not like to be suddenly charged more for his supplies, simply because of a boom in other metal markets reacting to some obscure and temporary political or economic development. The idea that speculators should influence prices is still anathema to most producers and consumers.

The build up of the aluminium stocks in London Metal Exchange warehouses to over 100,000 tonnes is also viewed with some cynicism. It is argued that the bulk of the holdings are "rubbish" quality material that would have great difficulty in finding a home elsewhere. The cost of remelting this low quality aluminium, notably from Egypt, to meet the needs of a specific consumer can be considerable.

However it must also be admitted that no one produces aluminium that is completely unusable—it must have a market somewhere—and not all the LME stocks are of low quality. Better grade stocks attract a premium and there is virtually a separate market in discounts and premiums.

There is little doubt that if the Exchange did not provide a useful function it would not have attracted the growing support that has given it turnover second only to copper on the base metal markets. The depressed conditions of the aluminium industry during the past few years have greatly helped the development of the free market as the dominance of the traditional producers has been eroded.

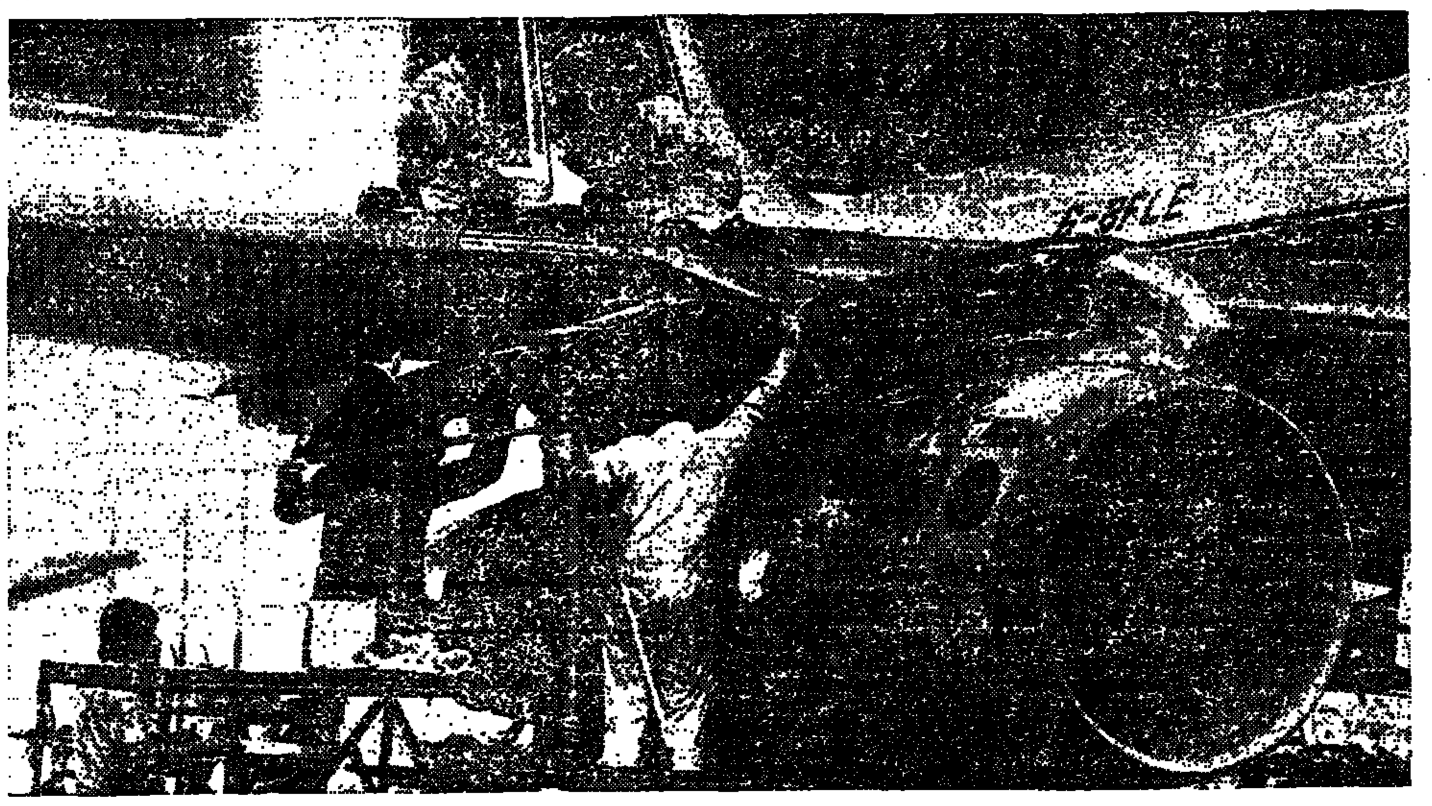
The surplus of available supplies has enabled the Exchange to build up enough support to be recognised and accepted. This may well decline when market conditions change back in favour of the big producers.

But the futures market is now so well established that it is likely to grow, rather than decline, in influence during the years ahead bearing in mind the continued chaos in the world's monetary system and the changing face of the aluminium industry itself, grappling with entirely new problems.

Producers are increasingly recognising that it will probably be easier to control the futures market to some extent, rather than fight forces that are proving increasingly powerful.

Increasing aerospace applications

The big aluminium producers are continuing to pay much attention to the international aerospace market. Investment in new plant for aerospace material is the largest recent development in the fabrication end of Britain's aluminium industry. Among the companies investing in new production facilities to help service the demands of the European civil and military aircraft programmes are Alcan, Kaiser and British Aluminium



Decline in demand from motor industry

APPLICATIONS

LORNE BARLING

THE USE of aluminium in vehicles, a growth sector in recent years, has suffered a considerable setback in the past 18 months, more as a result of problems in the world motor industry than through the lack og suitable applications for aluminium.

Declining output of cars and commercial vehicles in Europe and North America has led to a notable fall in demand for aluminium components and structural parts, and Britain has experienced worse market conditions than most countries.

According to the latest report by the Organisation of European Aluminium-smelters, conditions relating to aluminium castings production for the vehicle industry varied considerably according to individual countries, with the widest variations occurring in the U.S. and Japan.

After two years of virtual standstill in U.S. castings output, the level fell by around 20 per cent last year, with the die casting sector worst-hit, recording a fall of 25 per cent.

"That the U.S. foundry industry was not more severely affected by the reduction of 30 per cent in automobile production is explained by the fact that the U.S. industry represents a relatively low end-use of castings.

"Furthermore, the expected—and perhaps in part implemented—increase in the use of aluminium castings per vehicle had to some extent cushioned the recession in the foundry industry," says the OEA in its report.

In contrast, Japanese car production increased by nearly 15 per cent during 1980, castings output rose by the same amount and die-castings by 18 per cent. However, these figures did not indicate any increase in the use of castings per vehicle.

In France, West Germany and Britain, reduced car output during the year led to castings production falling by 1 to 14 per cent. In Italy, by contrast, production of castings increased by 3.5 per cent as a result of comparatively good conditions in the transport industry and general engineering sectors. Austria and Switzerland were also able to achieve positive growth rates.

A contradictory movement in Spain was somewhat surprising, with car production increasing and a fall in castings output. This discrepancy is partially explained by the fact that there was a particularly high sale of vehicles with low aluminium content.

The OEA points out that while many experts have been talking of major increases in the use of aluminium castings for motor vehicles, some urged caution over exaggerated expectations relating to the energy crisis. While it is accepted that the additional energy needed to make aluminium replacement components was more than saved by lower fuel costs in vehicle running, other factors were clearly not taken into account.

For example, the recession itself, stemming in part from the effects of higher oil prices, has reduced demand and capital expenditure, making it more difficult for motor manufacturers to switch to aluminium parts as quickly as they would have liked.

"The extremely high hopes of steeply rising demand for vehicle castings had, at the same time, awakened a certain degree of fear of a possibly insufficient supply of aluminium alloys for the foundries. But both the hopes of rising castings demand and the fear of inadequate supplies were unfounded," the OEA says.

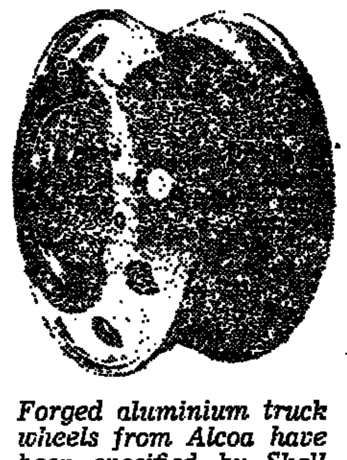
It adds that precise information relating to the growth of aluminium casting use in cars is difficult to establish, since the development of car production and corresponding stock movements has been so hectic during the past few years.

Apart from France and Italy, the substitution power of aluminium castings is said to be considerably lower than that of semis, and in all other countries semis production is growing more strongly than the demand for castings, the OEA says.

"Hence the provision of new scrap for secondary smelters is more important than the needs of the foundries for casting alloys. Even in the event of a strongly increased proportion of aluminium castings per vehicle in the future, the supply of alloys to the foundries would be guaranteed."

In Britain, aluminium engines have traditionally been used on a number of up-market cars such as Jaguars and the Rover 3500, while there has been little use of them in medium or small cars. In France, on the other hand, there has been much wider use of them, notably by Peugeot and Renault.

Applications of aluminium in other areas of British motor manufacture have generally kept pace with other countries,



Forged aluminium truck wheels from Alcoa have been specified by Shell for many of the oil company's 350 vehicles which it has ordered as part of its £12m road tanker investment

but it is estimated by the Aluminium Federation that demand from the UK motor industry has fallen by between 20 and 25 per cent in the past two years, both for wrought and cast components, and for sheet aluminium.

Demand for sheet for commercial vehicles had previously increased very rapidly due to wider use on vehicle box-bodies and freezer units, while the growth of the caravan market had provided another major outlet. However, both these sectors have suffered badly in the past 18 months.

There is little doubt that the high cost of investment in new plant has deterred the UK motor industry from wider use of aluminium engines, and BL's decision not to go ahead with a massive investment of this kind was a watershed for the industry.

Some motor industry executives now believe the new generation of superplastics will leapfrog some aluminium applications, aside from use on engines, and that some of the great hopes for aluminium may have been lost as a result of the recession.

Although there has been fairly widespread use of aluminium cylinder heads, such as on the new Ford Escort, it seems likely in the long run that British volume car producers will stay with lightweight iron blocks. One of BL's reservations about the use of aluminium relates to quality, and the company has indicated that it is unlikely to buy in aluminium engines in volume.

Breakthrough

However, a recent breakthrough in the casting of aluminium alloy has been achieved by Cosworth Research and Development, part of Cosworth Engineering, the racing engine specialist. This was announced in March, and a link between Cosworth and GKN Contractors means the new process is now being marketed world-wide.

Cosworth says the breakthrough involves a new process which considerably improves on the quality and consistency normally obtainable from die-casting, and yet maintains the flexibility of sand casting.

"The user benefits from castings having improved material properties, as-cast functional surfaces, less machining, elimination of machine shop rejects, reduced material costs and excellent visual appearance." The process has been proved in production by Cosworth and is being engineered for volume production by GKN contractors.

Since its launch, the process has attracted considerable interest and inquiries have been received from Western Europe, North America, the Far East and Australia. A number of proposals have been submitted for the setting up of castings facilities for companies which are involved in volume production.

Cosworth's own foundry at Worcester has recently produced a number of difficult castings for independent customers.

The Cosworth process is described as a high precision, low pressure sand casting technique and one of its most important features is that it has been designed as a complete process with each stage engineered from first principles.

Much overcapacity still evident

STOCKHOLDING

PETER CARTWRIGHT

THOSE SEARCHING the clouded industrial sky for a silver lining profess to catch a glimpse of it in the apparent slowness with which the stockholding fraternity is reacting to the recession. Although a number of British and overseas companies have withdrawn from the market there is general agreement that an appreciable amount of overcapacity still exists.

While rationalisation and staff cutting has been widespread to match operations to the depressed levels of demand, they have not in all instances been sufficient to staunch the losses. Other industries have had the knife out more quickly—and they are among the bigger customers for aluminium products from stockholders.

This reluctance, especially by the larger stockholders, to pare capacity more exactly to the order book reflects the way in which they have become integrated into manufacturing processes. Even though high fixed costs like rent and rates, and high interest charges drive profitability out of the window the longer-term view prevails that when the upturn comes it could be quite marked. Customers will be relying more than ever on suppliers to give prompt delivery and by absolving them from the need to hold more than a minimal amount of sensitive products free cash for investment. It is the kind of situation where those with the longest purses are likely to reap the most benefit.

They may need very long purses indeed. No one can see a single hopeful sign that the current erratic movement in order books is going to settle down on a higher level. The earliest the optimists put an upturn is the middle of 1982. Many more believe they may have to sit things out for another two years before a significant change of gear occurs.

What makes it more than ordinarily hard to judge what really is happening in the stockholding sector is the lack of knowledge of what is occurring to imports and exports. Industrial action by civil servants has suspended the usual statistics from Customs and Excise. The September import figures are expected to be available early in November. Meanwhile speculation is rife that the strong pound has been tempting some people to import at unexpectedly high levels, especially of rolled products.

The reverse side of the coin is that exports have been much more difficult to achieve. They should now be easier and there is plenty of evidence that efforts to export are being redoubled. As for what has been happening, Customs and Excise will produce some figures by sampling. It admits that "these figures will be of somewhat limited value" and no charge is being made. This sounds very much like a euphemism for useless.

This time last year there was a noticeable flurry of demand, holding out hopes of better things to come in 1981. In fact this did not happen. Accounts of events vary considerably, depending on how well customers were doing in a contracting market and how tightly stockholding operations were being managed. Many found the opening months not too bad, with a collapse coming in April.

Others compare the opening months with the first quarter of 1978, a notoriously poor period. Compared with 1980, first quarter business this year was about 25 per cent down. For others the collapse came in August "like a tap being turned off." Prices shaded under price cutting and discounting by around 5 per cent which came to 12-15 per cent after adding in inflation.

In the past few weeks aerospace and defence demand, which remained relatively buoyant during the decline of the general engineering and vehicle industries, has been falling away to add to worries.

The destocking for civil aircraft requirements now going on still has some way to run. On the other hand there is general confidence that elsewhere destocking has ended and that while orders may not be improving they are not going to go down any further.

While the general picture is gloomy and the signs of amelioration too fragile to attach importance to, there are one or two encouraging instances of people bucking the trend, mainly because they have been lucky enough to be in a particular sector of the market. One medium size private company reports gross margins up by 5 per cent on static sales, an enviable situation to be in.

Faith in the future has also been demonstrated by Alcan Metal Centres, a major multi-metal stockist which has spent £500,000 setting up a separate process centre for non-standard items. It will work for other distributors as well as for its own customers.

Alcan Plate is spending £11m on further improving its service to the aircraft industry worldwide from its Kitts Green, Birmingham plant. It marks the culmination of a 10-year programme to improve alloys that aircraft makers need to reduce weight without sacrificing performance. The new 7010 alloy has been specified for the Tornado, Airbus A300 and A310 among other international aircraft.

Alcan Plate is also a leading supplier of high technology plate for the marine, road and rail transport and general engineering industries. It is an example of how technically advanced materials can help to create markets and of the way in which demand is moving. While it is doubtful whether stockholding will ever entirely be able to get rid of the small time opportunist merely doing a warehousing operation and surviving because his customers are just round the corner, the role of the stockist is more and more that of providing technical advice to ensure the right product for the job.

This year, and possibly next year too, will be a period of marking time on the sales front but behind the scenes a thorough going rationalisation has taken place that should leave the stockholding industry in better shape to take advantage of opportunities when the aluminium market resumes its normal 4 to 5 per cent annual growth.

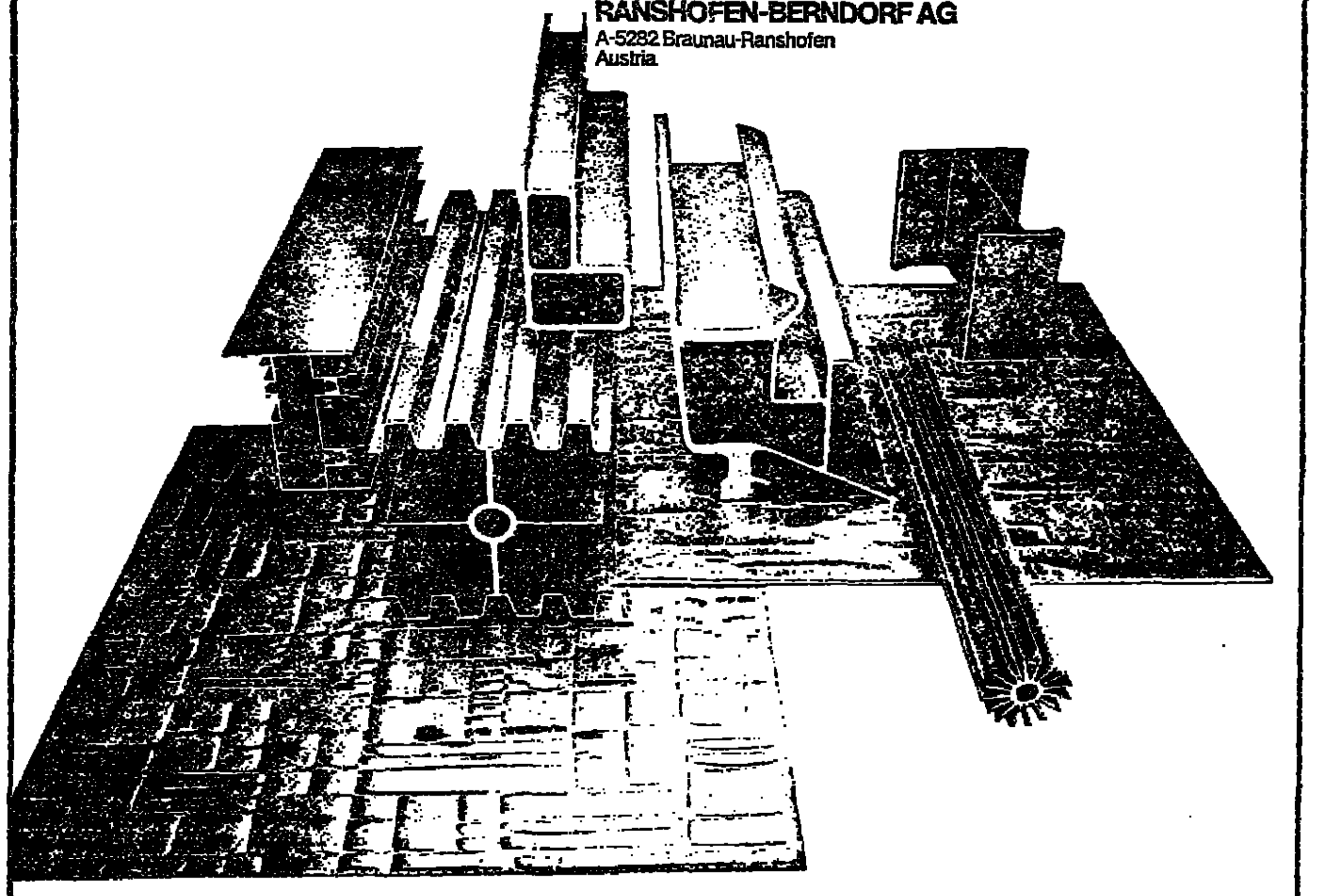
Rationalisation has tended to be concentrated in tightening management and administration and in reducing labour forces to reflect activity. While it may also be logical to close uneconomic depots, the major stockholders need to have them within 50 miles of their customers to maintain a service and to keep them open to preserve a national image.

Such withdrawals from the marketplace as there have been seem largely to have come from overseas-based companies. Alustock voluntarily closed its four depots and is supplying direct from its parent, Norsk Hydro in Sweden. British stockholders will be watching with interest to see how this decision turns out. Segedur Pechiney has closed its Almet west of England operation in Bristol where demand from the aerospace and associated industries has been falling.

Considering the general flatness of demand the number of known withdrawals has been fewer than might have been expected and to that extent the remainder have not yet benefited much by the thinning of ranks. However, there may be more gaps in the future to be filled unless the general economy picks up sooner than anticipated.

A general resuscitation of the metal-using industries, especially of the transport industry which accounts for around a quarter of total aluminium consumption, is badly needed. While the outlook for cars has seemed brighter in the past couple of months, demand for trucks and other commercial vehicles is sagging ominously.

The construction industry, which takes another 15 per cent is being inhibited by high interest rates, electrical engineering, which absorbs about 10 per cent—though in rather better shape—cannot do much on its own to give a lift. For the foreseeable future it is very much a case of backs to the wall.



TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.05 For Schools, Colleges. 10.00 You And Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London). London and SE only Financial Report, and News Headlines. 1.00 Pebble Mill At One. 1.45 Postman Pat. 2.01-3.00 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 Stopwatch. 5.05 John Craven's Newsround. 5.15 God's Wonderful Railway.

5.40 News.
6.00 Nationwide (London and South-East only).
6.25 Nationwide.
6.55 The Wednesday Film: "Carry On Screaming."
8.30 Fighter Pilot.
9.00 News.
9.25 Sportsnight.
10.15 Happy Birthday Las Vegas.
10.50 Parkinson.
11.50-11.55 News Headlines.

BBC VARIATIONS: Cymru/Wales—11.17 am I Ysgolion: Ffenestri. 11.40-12.05 pm I Ysgolion: Daeryddiaeth. 12.57-1.00 News of Wales. 2.18-2.40 I Ysgolion: Hyn O Fyd. 6.00-6.25 Wales Today. 6.55 Heddiw. 7.15 O Dro I Dro. 7.40 Angels. 8.05-8.30 Taxi. 11.50 News Headlines, News and Weather for Wales.

Northern Ireland—12.57-1.00 pm Northern Ireland News. 3.53-3.55 Northern Ireland News. 6.00-6.25 Scene Around Six. 11.50 News Headlines, News and Weather for Northern Ireland.

Chris Dunkley: Tonight's Choice

With complaints about programme clashes so frequent we should, I suppose, celebrate publicly those rare occasions when the broadcasters deliberately arrange matters to suit the viewer: so congratulations to BBC2 controller Brian Wenham for having somehow ensured that instead of his autumn drama blockbuster clashing with ITV's "Brideshead Revisited" (as had been predicted) it goes out on a completely different night, starting tonight.

The Borgias is a 10-part costume drama series which has been in preparation almost as long as "Brideshead." Research for the 40 locations started in 1979 and filming only finished in July this year, much of it in Tuscany which to an astonishingly large extent still looks today as Cesare and Lucrezia Borgia would have known it at the end of the 15th century.

Where "Brideshead" is an adaptation The Borgias is a TV original but it arrives with hugely impressive antecedents. Producer Mark Shivas has the most outstanding record of anybody his age in television (and perhaps any other age too): The Six Wives Of Henry VIII, The Evacuees, The Glittering Prizes, 84 Charing Cross Road, Rogue Male, Professional Foul and On Giant's Shoulders were all his. He first thought of The Borgias while making his superb Casanova, realising then that Lucrezia had a similarly powerful, though inaccurate, public image. I am not sure, however, that Anne Louise Lambert is right for the part.

BBC 2

7.05-7.55 am Open University.
9.00 Gharbar.
9.30 Conservative Party Conference.
11.00 Play School.
11.25-12.30 pm and 2.30 Conservative Party conference.
4.50-5.15 and 6.05 Open University.
6.55 Paint!
7.20 Cartoon 2.
7.25 News Summary.
7.30 Games People Played.
7.40 Collecting Now.
8.10 The Body in Question.
9.00 M*A*S*H.
9.25 The Borgias.
10.20 Out of Court.
10.50-11.50 Newsnight.

BBC 2 Scotland only—7.30-7.40 pm Party Political Broadcast by the Scottish National Party.

LONDON

9.30 am Schools Programmes. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 Turning Point. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Armchair Thriller. 2.00 After Noon Plus with Mary Parkinson and Kay Avila. 2.25 Conservative Party Conference. 4.15 Porky Pig and Daffy Duck. 4.20 Country Camera. 4.45 Dangermouse. 4.55 Stig of the Dump. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News with Andrew Gardner, Rita Carter.
6.25 Help with Viv Taylor Gee.
6.35 Crossroads.
7.00 The Paul Squire Show.
7.30 Coronation Street.
8.00 Only When I Laugh.
8.30 Benny Hill with Henry McGee, Don Estelle and Eddie Buchanan.
9.00 Diamonds.
10.00 News.
10.30 Midweek Sports Special: Back on the World Cup trail tonight with highlights of the important Group 6 match between third-placed Northern Ireland and the leaders Scotland.
12.00 The Andy Williams Show: Juliet Prowse teams up with Andy Williams.
12.25 am Close: "Sit Up And Listen" with Brian Rix.

* Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 5.15 Here's Boomer. 6.00 About Anglia. 12.00 Anglia Late News. 12.05 am Preview. 12.35 The Big Question.

ATV

1.20 pm ATV News. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today including Police Five.

BORDER

1.20 pm Border News. 5.15 The Paul Squire Show. 6.00 Lookaround Wednesday. 6.15 Party Political Broadcast on behalf of the Scottish National Party. 6.25 Crossroads. 6.50 Coronation Street. 7.20 Scotsport World Cup Special: Coverage of tonight's Group Six World Cup tie at Belfast between Northern Ireland and Scotland. 9.30 Only When I Laugh. 10.30 Diamonds. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.15 How's Your Father. 6.00 Channel Report. 10.28 Channel Late News. 12.00 Superstar Profile. 12.25 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News, presented by Kennedy Thomson. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 North Tonight. 6.40 Party Political Broadcast by the Scottish National Party. 6.50 Coronation Street. 7.25 Football: Northern Ireland v Scotland at Windsor Park, Belfast. 9.30 Only When I Laugh. 10.30 Diamonds. 11.30 Benny Hill. 12.00 About Gaelic. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 5.15 Mickey, Donald and Friends. 6.00 Granada Reports. 6.25 This Is Your Right. 12.00 George Hamilton IV.

HTV

1.20 pm HTV News. 5.15 Ask Oscar. 5.20 Crossroads. 6.00 Report West. 6.30 Benson. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except:—12.00-12.10 pm Ffalabalam. 4.45 Sion Bili. 5.15-5.20 Dick Tracy. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre. 10.30-12.00 Midweek Sports Special: Wales v Iceland and the Austin Morris British Master Darts Championship.

SCOTTISH

1.20 pm News and Road and Weather. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Bodyline. 6.40 A Party Political Broadcast by the SNP. 6.50 Coronation Street. 7.20 Football. 9.30 Only When I Laugh. 10.30 Diamonds. 11.30 Quincy. 12.25 am Late Call.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South East area only).

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where The Jobs Are. 5.15 Here's Boomer. 6.00 North East News. 6.02 Crossroads. 6.35 Northern Life. 10.30 North East News. 12.00 Across My Desk.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 How's Your Father. 6.00 Westward Diary. 10.32 Westward Late News. 12.00 Superstar Profile. 12.25 Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Andy Peebles. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 8.00 pm Alan Dell with Dance Band Days. 8.30 The Mitchell Minstrels (S). 9.00 The Boston Pops (S). 9.30 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 David Hamilton with Much More Music (S). 8.00 World Cup Soccer Special. 9.30 The Boston Pops (S) (joining VHF). 9.55 Sports Desk. 10.00 Get The Most Out Of Your Body. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 Two's Company (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (cont.). 9.00 News. 9.05 This Week's Composer: Mozart (S). 10.00 Music for Organ (S). 10.50 Mircea Ardeleanu (S). 11.30 Midday Concert (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Vermeer String Quartet (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Shostakovich's '48' (S). 7.40 One Pair of Ears. 8.00 Haydn: "The Creation," from the Royal Festival Hall, London. Parts 1 and 2 (S). 9.20 Six Continents. 9.40 "The Creation," Part 3 (S). 10.25 Musica Antiqua, Cologne (S). 10.55 39 and Counting (S). 11.00 News. 11.05-11.15 Notturno by Schubert (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 8.45 Wodehouse: "Bring on the Girls." 9.00 News. 9.05 Mid-week: Mavis Nicholson. 10.00 News. 10.02 Gardener's Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Transatlantic Quiz. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.0 News. 3.02 Afternoon Theatre. 3.50 Abroad Thoughts From Home. 4.00 Priestland's Progress. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 The Senior Partner. 7.00 News. 7.05 The Archers. 7.20 Ray Gosling—In The House Of . . . 7.45 Our Regiment. 8.35 A Hive of Industry. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Radio Active (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.40 Unforgettables. 12.00 News.

Artichokes and silver leaves

GARDENS TODAY

BY ROBIN LANE FOX

VEGETABLES, for once, have put me on the track of this week's topic.

I am very fond of the globe artichokes whose buds sell so well in the greengrocers. For a few years the plants persisted in my garden and threw up so many flower heads in July, that I nearly gave up everything and went into the business of selling them.

A cold and wet winter then killed off the parent plants: where nowadays can you find stock of the edible varieties at a fair price? Not, I fear from packets of seed, or unchecked presents from friends.

Anyone can persuade the artichoke to germinate. But the seedlings go on to grow small prickly buds which you cannot hope to eat. Several nurseries list plants of the fleshy vert de laon varieties which is one of the most succulent. Artichoke experts scan France for other forms and order special roots from Brittany.

These are not always cheap, but I am pleased to find a named form, Brittany Belle, in one of our most useful flower catalogues. Ramparts Nurseries of Colchester, Essex sell this delicious plant as a subject for keen flower gardeners. About 4 ft tall, it will fit well into the back of a summer border and give you an arching clump of silver-grey leaves like a large thistle for most of the summer. The buds go off to the kitchen, while the plant fills in for the fading dephiniums.

Divisions costs about £1 delivery included and will last in any well drained soil which is sheltered from the worst of a normal winter. I have seen good clumps of this as far north as the Yorkshire Dales, so its reputation as a tender plant should not deter you.

Led on by your appetite, you would then find yourself among the invaluable range of silver and grey leafed plants which Ramparts Nurseries show and supply to such welcome effect. All of them are worth growing, but the nursery grades plant hardiness on a scale which rises from one to six and suggests that anything over Grade III may not be reliable without excellent drainage and winter protection.

The ratings are valid from my Oxfordshire soil and I wish more nurseries would guide us so helpfully on those two relative terms hardy and drought loving. The artichoke, I hope, has drawn you into the harmonious world of these silver leaves so you might like to place its more recent addition in your garden before returning to your dahlias.

Some of the newer favourites are themselves newish plants, the splendid silvery leaf on the creeping Lamium silver beacona, a marvellous plant for rich shade, or the self explanatory Blue Haze form of the creeping caena, that vigorous carpet plant from New Zealand.

I would never wish to garden now without these good mixers, two plants which surpress all weeds and match any brightly coloured flowers. Other recent arrivals are old enough, but nobody noticed them or sold them until silver and grey leaves became such a fashion. These are the plants which intrigue me and this year, I have added three to my knowledge.

Who grows a dove grey foxglove? Few of you know it surely, but digitalis heywoodii is a wonderful plant which would deserve a good home in any rich and semi-shaded place. It must have a well-manured spot if you are to see it at its best.

The flowers are cream pink and the leaves a good shade of grey, like a well made cloth whose texture has the subtleness of velvet. In a rich soil the leaves do not turn brown and fade into the usual tattiness of a foxglove after flowering.

I will buy any plant which matches its flower so neatly to its leaf. A group of a dozen among late-flowering primulas and the lamium beacon would be worth seeing.

Marrubium is my candidate for the best obscure plant to appear in this year's FT. I found it this summer in Kiftsgate Gardens, Gloucestershire, and bought a big bit on its owners assurance that it grew in any dry soil and ran harmlessly into a broad carpet. Perhaps you know the green-grey felted leaf of the Ballota or perhaps you have never heard of it either. Marrubium is more reliable and prettier than Ballota. Its leaves are a silky apple green with a slight silver margin

I am already delighted with mine, not least because it increases like a weed from summer cuttings The flowers are green and curious, but the leaves are very special and I hope this may be the start of a run on its stocks. I think it is excellent and am excited to have found it for you in Ramparts Specialists Catalogue. It is rated a Grade II which means "hardy but not for damp spots." It would make a fine carpet beneath an upright summer shrub, perhaps a white-flowered deutzia.

Helichrysums are more familiar—those plants with woolly or frosted silver leaves which grow into small and easily placed shrubs. The best known nowadays is the silvergreen leaf of the so-called Curry plant which smells like the evening breeze in a Delhi suburb if you brush it or pass by on a warm or wet day.

I enjoy the plant and the scent, but I am even more pleased to find a minature form called Angustifolium Mini. This is said to remain at a height of 8 in allowing me to put it on dry walls or besides low steps and bushes of aromatic thyme where I have long wanted it. The common form was 2 ft tall and liable to sprawl forwards over its neighbours. This one has the same small spires of thin silver green leaves up its stem. It would bring the scent of curry within reach of your window box if the neighbours deny you it from their kitchen.

At the same time, I suggest you order a new offer in the family, a helichrysum called Italicum Serrotinum. Mine is a foot-and-a-half high and only a year old, but its white and woolly leaves are grouped in thick clusters round the stems and I would agree with its suppliers that it promises to be one of the best shrubby varieties.

Ranked as a "hardy on well drained soil." it may yet drop down a point or two in a severe season. Meanwhile, it is one to add on to any hunt for artichokes and silver leaves

Debut promise from Random Leg

RACING

BY DOMINIC WIGAN

WITH THE abandonment of today's Haydock card due to waterlogging on the Lancashire course, there will be no flat racing in Britain today. However, inveterate backers still have the jumpers to consider and at Wetherby there is better sport in prospect than many might have hoped for.

In addition to the Bobby Renton Memorial Novices Chase, a pattern event over two miles, Wetherby offers the "Go Racing in Yorkshire" trainers' trophy (Round 9) as a second round in the Daily Mirror conditional jockeys championship handicap.

Of the 11 declared for the Bobby Renton Memorial race, confined to five-year-olds and upwards which, at the start of the current season, have not won a chase, there is just one from last season who could, at his best, be labelled a top-flight performer.

He is Random Leg, who has travelled north on the long haul from Findon in Sussex.

The deserved winner of Fonwell's National Spirit Challenge Trophy, in which he disposed of such high-class animals as Bird's Nest, Connaught Ranger and Mount Harvard, at 33-1 Random Leg again looked a smart hurdler at Cheltenham later last term before a slight mistake and interference from another contender put paid to his prospects near home.

Although this will be his first public venture over the bigger obstacles, Random Leg looks the part both in confirmation and breeding.

Provided that his jumping does not let him down Random Leg should get off the mark the first time over fences by outclassing Eddie O'Grady's Irish challenger, Dromkell, and the easy winner of the Reynoldstown Pattern Hurdles, Pay Related.

Nothing has been seen of Pay Related's stable companion, Pulse Rate since he took high order among the first season hurdlers in the 1979-80 campaign. It will be interesting to see how Mr Reg Spencer's five-year-old fares on his return to the fray.

WETHERBY
2.00—Systems Analysis
2.30—Random Leg**
3.00—Pulse Rate***
4.00—Tommy Joe*

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BOARDROOM BALLADS
NOT QUITE ONE OF US

Production men—it's mainly true—
Lack respect to which they're due;
And spending so much time with spanners
Have slightly questionable manners—
Or so the attitude entails
Of those with cleaner fingernails.
And this is why I think they feel
So relatively down at heel
And carry with them everywhere
A kind of cordon sanitaire,
As if by nature of their fleas
They made their colleagues ill-at-ease.

★

I must confess I stand aghast
At this sad abuse of caste;
And ask how people who create
Are rated lower in the state,
Than those whose forté, I discern,
Is fiddling a tax return?

★

One little thing, for what it's worth,
Is, by the nature of his birth,
An engineer will tend to be,
From social classes two or three
And not, like others of his peers,
At Eton in his former years.
And secondly his social graces
Are formed in somewhat different places;
Which makes him, solely in their midst,
Prefer the Black Horse to the Ritz!
But most of all the mystery's
A function of their histories.

★

And attitudes which favour trade
To what is actually made;
As if to handle a machine
Were, in some curious way, obscene;
But handling stocks and shares, or shipping
Is oh! so marvellously ripping!

★

Directors of Production, then,
Are really rather special men
Deserving of a better fate
Than they very often rate.

Bertie Ramsbottom

NEXT WEDNESDAY: THE PERSONNEL DIRECTOR

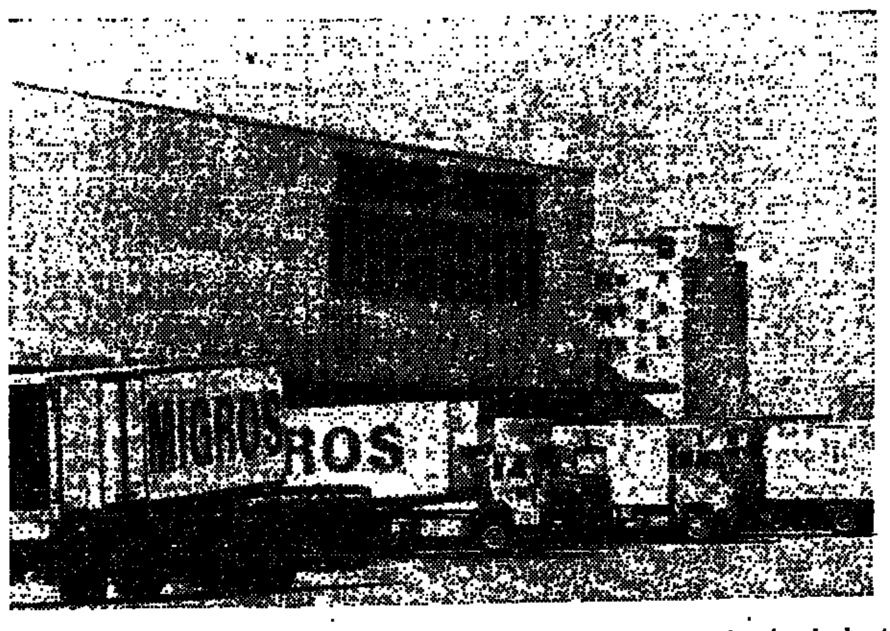
BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Allowable expenses

I retired in February this year. I have accepted an ***annual fee from a group of*** **companies to act as their financial consultant. I have received conflicting advice regarding allowances I can claim from the Inland Revenue as I work from my home, attend monthly board meetings, etc. Could you advise me as to what my position is?**

The conflicting advice undoubtedly reflects uncertainty over the precise nature of your contract with the holding company. It may be a contract for services (schedule D and NIC classes 2 and 4) or it may be a contract of service (schedule E and NIC class 1). This question is of fundamental importance in relation to allowable expenses, etc., and so we recommend you consult a local accountant or other financial consultant. As a first step, you could ask your tax inspector for a copy of the free booklet IR28 (Starting in business). You might also like to ask him for a booklet 480 (Notes on expenses payments and benefits for directors and certain employees), but this may not be tactically prudent.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



Migros's "Shoppyland" at Bern (left). Migros helps finance a variety of cultural and educational activities, including the Gottlieb Duttweiler Institute for Economic and Social Studies at Ruschlikon, seen on the right

When a co-op becomes a victim of its success

A major Swiss retailer is embarrassed by its growth rate. John Wicks explains why

THE Migros Co-operative is a power to be reckoned with in the Swiss economy. From its beginnings selling from the back of five lorries in the Zurich of the depression years, Migros has grown to be the country's biggest trader, biggest importer and biggest customer for farm produce. Its 1980 sales totalled SwFrs 8.34bn (£2.4bn), over 85 per cent of which came from retail sales. Apart from its hundreds of supermarkets and mobile shops, the group has diversified into everything from travel agencies and filling stations to banking and insurance.

Its remarkable success has been a triumph for the ideas of the late Migros founder, Gottlieb Duttweiler, who "gave the company away" in the war years by changing its status from that of a limited company to a co-operative and distributing free ownership certificates to customers. Membership certificates are still available at a nominal cost and most Swiss families have one. Duttweiler was a proponent of what he named Social Capital, a movement borne by the now-dead newspaper "Die Tat" and the still very much alive Independent Party—both of them his own creations.

At the same time, however, success has brought its own problems. With a share of 26-27 per cent of Switzerland's food sales, Migros seems much less the champion of the little man than it was in the 1920s, when its lorries offered six staple products at semi-wholesale ("mi-gros") prices. Its vast assortment of goods is still substantially cheaper than the retail-trade average, but much of the wind has gone out of the once-aggressive consumerism of the organisation

As the sheer size of the group has led it more and more into the Establishment, Migros has been moving into an increasingly defensive position. A ginger group, the so-called "Migros-Frühling" ("Migros Spring"), has been faulting the ageing organisation on environmental and political grounds, while there has been general criticism in Switzerland of what is seen to be tax advantages enjoyed by co-operatives of such a size. Even many who would rarely buy anywhere else consider Migros to be too large or too rich.

So has Migros become too large for little Switzerland? Its members had a chance to decide for themselves in June, when a referendum was held on the question of whether the group should enter into operations abroad.

While there are isolated activities in foreign countries (a bank and a warehouse in Germany, a flower-growing subsidiary in Spain and a number of travel agencies and language schools), retail business is limited to the movement's native land.

Supporters of the internationalisation scheme, which at least initially would probably have meant no more than the opening of a few shops just over the West German, French and Austrian borders, felt it would allow Migros a little more room to grow without straining the national market.

In fact, a substantial majority of the 1.1m members decided to keep Migros Swiss. To some extent they were remembering the co-operative's ill-advised efforts at supporting similar bodies abroad, the latest of which was the loss-making participation in a similar Turkish retail chain in the mid-1970s. More important, though, was obviously the belief that the group was there to serve Switzerland through the optimal supply of low-priced goods and services.

Dominance

Future expansion of one of Europe's major retail chains will therefore be restricted to Switzerland, with its almost zero-growth population of less than 6.4m. But this automatically exposes Migros to new charges of market dominance. If small is today widely regarded as beautiful, says Independent Parliamentarian Dr Walter Biel, the co-operative's *house economist*, Migros comes under fire as big and ugly.

In any case, Dr Biel questions the assumption that the group is too big. Its share in total Swiss retail turnover is of less than 15 per cent, he points out. Nor are the frequent claims true that Migros is swimming in money; cash-flow of SwFrs 373m (£106.6m) in 1980 (including SwFr 108m of net earnings) is "not all that much" compared with the SwFrs 8.34bn turnover.

Nevertheless, Migros decided some considerable time ago to apply the brakes on what could be seen as excessive further growth. Its aim is to expand at a price-adjusted rate of no more than 2 per cent per year. Last year, it was unable to keep within this self-imposed limit; with some embarrassment, Pierre Arnold, the managing director, announced a real growth in retail sales of 4 per cent in 1980.

It should prove easier to keep growth down this year, however, since overall retail sales volumes have actually been falling in recent months. Gross national product in Switzerland seems itself unlikey to top 2 per cent growth in real terms in the next couple of years.

Particularly in inflation-conscious Switzerland, where the cost of living is rising at its fastest rate for over six years, Migros's price levels will continue to attract the customers. Even without the aggressive selling policies of the past, the group seems "doomed" to higher market shares.

There are some fields in which Migros can grow within Switzerland. One is in the non-food sector, the co-operative having long been best known for its groceries. Another is expansion in a few areas of the country where there are relatively few Migros shops, such as central Switzerland, parts of the West, and Canton Grisons. Still out of the question, though, is a departure *from Duttweiler's no-tobacco*, no-alcohol rule; this is not only a sanctified tradition, but members have themselves turned down attempts to introduce these products in referenda. Any reversal of the policy would mean a marked rise in Migros sales, since other low-price chains like Denner and Coop gain a lot of incidental custom from cigarette and wine buyers.

Generally speaking, the group now plans to concentrate its efforts on improving quality—which in all fairness is already excellent for most standard products—and on keeping prices down. This would naturally lead to more business, though presumably also to reduced profit margins.

Suburban

This does not mean that the non-profit-making ideal of Migros makes a rise in earnings unnecessary or undesirable. The co-operative's ability to fund its own financing has dropped from 100 per cent to something like 70-75 per cent, and new investment costs run high. Some operations need subsidising within Migros, too. For example, the 114 mobile shops; these play an important role in the supply of outlying areas and suburban housing estates but work at a 2 per cent loss margin.

Of special significance to the Migros Board and the public at large is what the group calls its "culture per-cent." This is a share of the turnover of the central Migros Co-operative Federation and the 12 regional retail chains which it sets aside—last year alone, the sum exceeded SwFr 63.5m — for spending on cultural, social and economic studies programmes.

Migros is a leading light in adult education, with its so-called Club Schools at home and language schools abroad—including a large "Euro-Centre" school in Forest Hill, London. It also organises theatrical and musical performances throughout the country, as well as regular classical concerts and art exhibitions. Furthermore, Migros grants scholarships from the "culture per-cent," runs study groups on the place of women and the aged in society and helps finance such foundations as the Gottlieb Duttweiler Institute for Economic and Social Studies in Rüschlikon (adjacent to a Migros-run free pleasure park) or Signal de Bougy, near Lausanne.

All this would hardly be possible without sufficient profits, group spokesmen point out, or indeed if tax laws for co-operatives were drastically changed.

Despite its qualms, then, Migros will continue to grow. As Erich Gugelmann, the marketing director, was quoted as saying recently: "If a company in a competitive situation is no longer allowed to compete for fear of growing, our whole economic system will be called into question."

Planning booklet

Orders for the Financial Times booklet "Strategic Management and Planning in an Uncertain World" may now be placed with Diana Twaites, FT Publicity Department, at a cost of £3 per copy including p and p and not £2 as previously stated on this page. The booklet will be sent out as soon as it is available.

Stephen Joseph Theatre, Scarborough

Way Upstream

by ANTHONY CURTIS

Alan Ayckbourn's 26th play is set aboard a cabin-cruiser on a sleepy English river. The Scarborough arena has been filled with several inches of mud-coloured liquid to simulate the water-way, while moored alongside a hummocky, grassy bank is a spanking little craft with cabins fore and aft, plus it seems all the standard fittings. They include an engine that makes the right sound and a cooling-system that spews fluid realistically out of the exhaust.

Once the play gets under way the manoeuvrability of the vessel proves to be considerable; even more so is the ingenuity of the stage-staff who arrange for it to glide under bridges with an echo-effect, pause at locks, weigh anchor in the moonlight, and tie-up beside a private island with its own little wooden jetty. One wonders how all these marvellous happenings could possibly be recreated in the proscenium stage of some conventional London theatre.

Meanwhile the challenge to the playwright's virtuosity in keeping a cast of seven happy under such cramped conditions, as quite a complicated story unfolds during the seven days and nights of the voyage, is one which Ayckbourn handles with insolent ease. He begins by placing two married couples aboard in the midst of a blazing row between Keith (Robin Bowerman) and his wife June (Carole Boyd). The two men are business partners, and the two women a contrast between the predatory and the pure.

Some hilarious knockabout comedy occurs as the holiday quartet explores the ship and eventually turns in for the night with pyjamaed figures popping up through open hatches. Here are all the ingredients of a ripping nautical farce; but this playwright has long since ceased to be content with mere farce. As the vessel proceeds upstream it turns away from Pinero-land and enters J. M. Barrie country.

In other words, we witness a contest between the Weak and the Strong in which ultimately the Weak (or should one say Meek?) prove to be stronger than the Strong. Alistair (Robin Herford) and Emma (Lavinia Bertram) the second couple, know absolutely nothing about boats and are content to take orders from the blustering Keith who revels in his role as skipper. However, he has his problems ashore as the work force in his factory prepare to strike; daily visits from his secretary (Susan Uebel) keep him abreast of the situation.

The holiday-makers are forced to take aboard a sinister stranger Vince (Graeme Eton) to get them out of the mud during Keith's absence. After a few drinks, a fascinating power-struggle and sex-struggle fuelled by Vince's girlfriend Fleur (Gillian Bevan) develops and we have left conventional farce a long way behind as we watch a kind of up-dated adult version of *Peter Pan* with Vince as a modern Captain Hook and the quietist Alistair forced into violence when his wife is made to walk the plank. To ram home his point the playwright calls their final destination *Armageddon Bridge*. The last half an hour of this play is going to give trouble to many of Ayckbourn's loyal admirers. It may well be the most daring thing he has done.

Ronnie Scott's

Savoy Sultans

by KEVIN HENRIQUES

Al Cooper's Savoy Sultans was formed in 1937 and during its eight year existence made a lasting impact on the jazz scene in New York. For much of the time it worked at the Savoy Ballroom in Harlem, "the Home of Happy Feet," where, by all accounts, its reputation as a solidly jumping outfit was feared by every visiting band which played opposite it.

About three years ago the Sultans was reactivated by drummer Panama Francis who, though not a former Sultan, was closely involved with the Harlem swing era through his six years with the Lucky Millinder band. At long last, after several visits to the Continent, the band has reached Britain. It is in residence at Ronnie Scott's until Wednesday October 21 and no one professing an interest should miss this exhilarating experience.

As I intimated when writing on this page last year about the Sultans' performance at the Grande Parade du Jazz in Nice, it is a gorgeously happy sounding unit, which deals unashamedly in uncomplicated jazz in a punchy, swinging fashion. The tunes, generally short in duration, draw from the repertoire of the original Sultans ("Frenzy," "Norfolk Ferry," "Stitches") as well as Lucky Millinder ("Shipyard Social Function," "Little John Special"). Additionally there are some compatible modern pieces ("Girl Talk," "On a Clear Day").

Francis introduces them all genially from behind the drums, leaving his musicians barely time to turn over their music and catch their breath. The mood of the two sets every night is defiantly up-tempo and it is impossible not to be carried along by the sheer gusto of the performances.

There are only a couple of personnel changes from last year (piano and alto-sax). As then the solo strength is built round the formidable George Kelly, the only member who actually played in the original Sultans and a liquid-toned tenor-saxist of much resource. Also given plenty of solo space are trumpeter Francis Williams, who graced Duke Ellington's band in the mid-1940s, and the redoubtable Howard Johnson on alto.

Francis punches along this Harlem dancer era evoking band with crisp control and with an astute feel for dynamics, reminding one heavily of his idol, Chick Webb.

For those who have heard the Sultans previously the barely unaltered repertoire and the increased time given to vocal belter Julia Steele may be a slight disappointment but first-time listeners are guaranteed a foot-tapping, stirring, entertaining experience.

Television

All but perfect

by CHRIS DUNKLEY

Having watched not only the two-hour opening episode of Granada's *Brideshead Revisited* but also the next four parts I must report that it does have faults. In Episode 4 when Sebastian Flyte is supposed to be crying the makeup girl has put too much glycerine on Anthony Andrews' face. Near the start of Episode 3 Geoffrey Burgon's music, emphasising the mood of melancholy, becomes momentarily too insistent. And I have doubts about the Hollywood vulgarity of those saucer shaped glasses in Episode 1; the Marchmains would surely have used proper champagne glasses, though the trouble here may simply be that I am too young to remember some upper class fad of the nineteen-twenties.

You will doubtless have realised that to open with such quibbles is merely a device; a way of avoiding the fearful prospect of putting the truth in the first paragraph. The truth is that *Brideshead Revisited* looks like the nearest thing to perfection that the television serial has managed in its entire history. It is an immense achievement and, it seems to me, an astonishing one.

I have long defended television's right to plunder, adapt, and if desired change out of all recognition anything from the sum total of human creativity (if it is out of copyright . . .). Shakespeare, Verdi and T. S. Eliot did it and there is no reason why those working in television should be different. Over the years I have grown weary of the carping from critics whose main complaint about television seems to be that it doesn't produce good literature.

My primary interest has always been whether we are getting good television, no matter what the original source. However I could not help noticing that television has greater success plundering the work of writers just below the top rank (Dickens, Galsworthy, Trollope) than from those actually in it (Conrad, Dostoievsky, Forster).

Consequently, since I have always thought *Brideshead* one of the greatest 20th century novels if not *the* greatest I had concluded that it would never provide the inspiration for a great work of television. Hence my astonishment at finding producer Derek Granger achieving precisely that. Hence too some embarrassment (though slight. I have never suggested television *should* not adapt faithfully only that it *need* not) upon realising that Granger and his adapter John Mortimer and directors Charles Sturridge and Michael Lindsay-Hogg have effected their extraordinary triumph by sticking to the book with greater faithfulness than has any other adaptation I can recall. Mortimer has gentled it off the page still breathing.

First by using a huge budget (just under £5m it seems) and nearly 13 hours of finished material they have ensured that very little has to be cut from the original. All that money and time didn't merely enable them to shoot the entire work on location in Castle Howard, Venice, Oxford and so on and produce an even more beautiful looking series than Granger's own *Country Matters* which has helped set standards up to now, it also allowed them to preserve *Brideshead's* narrative strength.

Next they had the courage to use the dreadfully under-exploited (sometimes it almost seems despised) technique of first person singular voice-over to express the thinking and feeling of Charles Ryder, the man whose eyes provide our viewpoint on the Marchmain family. The voice-over gives television an entrance to that internal human landscape which fills the very centre of the world of printed fiction yet is so often entirely absent from television.

Jeremy Irons and Anthony Andrews in 'Brideshead Revisited'

Then, marvellous to record, they resisted the dual temptation of modifying the tone of the original because of the passage of time and because of the supposed low level of viewers' sophistication. We saw what happens when you make even the slightest moves towards patronising the viewer in that way during Thames Television's Mitford adaptation *Love In A Cold Climate* where the accents were Edward Heath/demotic and all feeling for the life of the pre-war county set was absent.

Brideshead is not sicklied o'er with any clever eighties hindsight. A servant is called a servant, the principal characters speak as though they really did go to public schools in the twenties so that when Sebastian means damn he says "demn," male undergraduates walk arm in arm without any suggestion of a camp send-up, and Nicholas Grace is directed to play Anthony Blanche just as bitchily and just as far over the top as the Oxford aesthetes of that period evidently r-really w-were.

Best of all (and presumably thanks to that huge budget again) for the first time that I can remember the period trappings which have become so beloved of British costume drama producers—enamel advertisements, steam trains, all the accurate period detail of a barber's shop—are allowed to stay where they should be, in the background.

There is no need to dwell on them because the foreground is filled with what must be the most impressive and the most cleverly chosen cast ever assembled for a television series. I suspect there will be a tendency for commentators to dwell upon the playing of the smaller rôles—goodness knows there is reason enough to do so. For instance, like the boy who started rugby football, John Gielgud, offered a gift of a part as the remote and spiteful Ryder père, doesn't take a flying shot at it but picks it up, hugs it to his chest and runs with it gloriously. Claire Bloom and Phoebe Nicholls are uncannily right as Lady Marchmain and her younger daughter Cordelia who is forever making social gaffes though without any great embarrassment.

Some casting is unsurprising —Bill Owen as the Oxford scout for example—and some, such as Stephane Audran as Marchmain's mistress, is quite startling. But once you have seen them in this magical production there seems to be an inevitability about all of them. It is as though Evelyn Waugh, creator of all these characters, had had the power of foresight and managed to leave a casting list somewhere. Yet it is the two outstanding performances from Jeremy Irons and (in the first five episodes, anyway) Anthony Andrews which underpin the whole baroque edifice.

Andrews, playing the beautiful golden youth Sebastian, suggests charm and incipient despair from the very moment we first see him, in a bravura panning shot which picks him up outdoors in shadow, but head-on all in white, toting Aloysius the bear, loses him as he enters the college and rediscovers him, through Charles' window, all in one take.

But the person who sets the tone of the whole production—fittingly enough since his is the central rôle—is Jeremy Irons with a performance of quite abnormal astuteness as Charles Ryder. Not only does he move and look the part but the very timbre of his voice contributes as much as anything else (notably Burgon's music) to the production of that quality which emanates so powerfully from the book and now from this production: poignancy.

In his delivery, in the message of his eyes during the idyllic summer weeks with Sebastian, Irons conveys the notion of a man in love with the very idea of the ancient family and the whole panoply of aristocracy and privilege. More remarkable, however, he simultaneously communicates the feeling of someone who, even while happy, can sense the aching melancholia lying just below the balloon-taut surface of a seductively pretty world.

Assuming standards do not slip out of all recognition in the latter six episodes, and it seems unlikely, *Brideshead* will stand out in the history of television as a work of monumental stature. The opening episode on its own qualifies it to occupy a place at the head of that column of British realistic television drama serials which includes such memorable work as *The Forsyte Saga*, *Elizabeth R* and *Testament Of Youth*.

The temptation is (and unfortunately will continue to be throughout the autumn) to compare *Brideshead* and the BBC's *Borgias*. After all, both are long, expensive, costume drama series about Roman Catholic family dynasties, made on location by producers with high reputations, Mark Shivas being the producer of *The Borgias*.

After previewing tonight's opening episode (which might be sub-titled "Top Of The Popes") and watching a compilation of extracts from future episodes my impression, which may well have to be revised before the year is out, is that while *The Borgias* would certainly have won all the plaudits at any other time it will inevitably be ranked second this season.

Lyric Studio, Hammersmith

The Maids

by MICHAEL COVENEY

The Madame's huge double bed, covered with white lace, occupies the entire stage area of the little studio. A white lace canopy, suspended from the ceiling, swoops over the action. The maids, Claire and Solange, are in tight black dresses with neat white collars. Flowers at the foot of the bed.

This excellent design, executed by Mark Cruikshank from an idea by Ultz, is a perfectly extravagant boudoir setting for the games to be played while the cat's away. As is now common, the maids are played by men. Their transvestite caperings are not exactly old hat, but Shared Experience's production by Clare Davidson does not shock or surprise.

The only frisson is provided by the entrance of the young Madame, Mark Rylance gliding on as the bisexual street-walker in a garish blue dress, tonsured and made up to look like any self respecting punk.

The talk of seduction, criminality, jealousy and role-playing is spiritedly delivered by Raad Rawi and John Dicks, but without much sense of danger or excitement. Perhaps it is too much to expect that of Genet's 1947 play nowadays. What is missing is the full impact of an outrageous message from an underworld life issued *on behalf of the world's downtrodden and rejected*. Shared Experience offers instead a cosily camp diversion.

Hampstead Theatre

In the Mood

Some people can get away with anything. Trevor, a loud-mouthed scrounger who happens to be a radical, drinks all the whisky and taps his host for a large cheque. Soon after, he is discovered in a clinch with someone else's woman.

Michael Abbensetts' new play ripples with good jokes. The ideas are familiar, if only in certain black and white liberal quarters, but often neatly phrased. However, it would stretch tolerance to be over-fulsome about this confused dramatic package.

In a G-planned sitting room in Clapham, complete with domestic bar and lavish stereo, Orris Harris and his old RAF chum T. D. Maxwell arrive hot-foot from the Cenotaph. They bring home a forgotten statistic —20,000 West Indians helped Britain win the war. Orrin's banter with the pompous T. D. is fleshed out with acute and comic social observation. The parents agonise over daughter Brenda and her ageless boy-friend from the BBC (not because he is white, but because he is married).

If only Trevor hadn't crashed in. He's starring in a black musical *Uncle Vanya*, and his observations on the West End stage are perfectly apropos. But where black consciousness supercedes theatrical credibility, the message is gratuitous and dull. Abbensetts is better at satire than statement.

By the end, I had come to dislike them all, including T.D.'s wretched girlfriend, a 35-year-old white teacher with a social conscience and a lust for blacks—any blacks it seems. Marty Cruickshank does what she can with a thankless part. Norman Beaton creates a credible human being in Orrin. Stefan Kalipha plays Trevor with so much casual abandon he sounds like he's drinking real whisky and actually fluffs his lines. Allister Bain is naively sympathetic as the politically unsound T.D., and Robin Lefevre directs.

ROSALIND CARNE

Festival Hall/Radio 3

Frankfurt Orchestra

The Frankfurt Radio Symphony Orchestra made its first appearance in London on Monday, at the start of a first British tour. The concert, placed on a less exalted level than that reached by the Dresden visitors a week ago, was all the same an introduction to an orchestra of notable qualities, urged by its current chief conductor Eliahu Inbal to an impressive pitch of *corporate responsiveness*. If the playing lacked the special bloom that marks out an orchestra of the very front rank, there was no doubting—in Mahler's Sixth Symphony, which filled the second part—the authoritative command over a long and (even in these days of unabated Mahlerian plenty) hair-raisingly strenuous score.

Mahler's most "classical" symphony is also, in many ways, his most nakedly personal—a conductor who maintains a properly vigilant tension between formal tautness and furious dramatic energy can hardly fail to release its agonizing power. This performance was powerful; it held the balance between extremes. One has heard the frenzy of the first and last movements sounded with a more individual awareness of their peculiarly acrid scoring, yet the playing was never dull either to the purely physical thrill of the music or to the massive succinctness of its symphonic unfolding—Inbal's mastery of the correct tempo relationships of the opening Allegro, so often distorted, proved his cogency as a Mahlerian. The relaxation of the slow movement was gently ushered in; elsewhere, the grim visage of the music was forcefully and firmly traced.

To begin the evening with the Four Sea Interludes from *Peter Grimes* was an attractive compliment to pay an English audience, though the performance indicated a less certain understanding of Britten than the symphony was to do of Mahler. The pieces were given as concert music pure and simple, bright with showpiece energy — almost a kind of *Pini di Aldeburgh* — and little influenced by any apparent sense of their corresponding operatic situation (the tempos for "Sunday Morning" and "Moonlight" were revealingly in this respect — slightly but noticeably ill-chosen, too fast in the case of the former, too slow the latter). As such, they were enjoyable enough, even if the degree of virtuosity implied by such an approach was not immaculately attained.

MAX LOPPERT

St John's Smith Square/Radio 3

Benjamin Luxon

St. John's opened its doors to another season of BBC lunchtime concerts on Monday with a sparkling recital by Benjamin Luxon and his regular accompanist David Willison. "Sparkling" is not a word easily applied to Vaughan Williams and Mr Luxon ran something of a risk in giving us the *Songs of Travel* complete: despite their internal cross references Vaughan Williams did not intend them as a cycle. But he succeeded in sustaining interest to the last, the posthumously published "I have trod the Upward and the Downward Slope."

In the airy chamber of St. John's voices have to be carefully weighted. There were occasions when too much tone in these low-lying songs obscured the words—no bad thing for some of R. L. Stevenson's verse — and, more seriously, blurred pitches; Radio 3 listeners may have had a clearer image. Yet always Mr Willison's careful piano-playing led one back to the kernel of the songs. He is an underrated artist whom we hear too rarely and his partnership with Mr Luxon is at best in English song. They should be encouraged to do more; Britten's Blake settings would suit them perfectly.

A group of Schubert, all of it familiar, completed the programme. "Erlkönig" is a gift for a singer who manages Victorian ballads so effectively; here the melodrama was just right. "Der Wanderer an den Mond" and "Erster Verlust" found an immediate lightness of touch that had failed the singer momentarily at the beginning of the *Songs of Travel*; an encore of "Wandrers Nachtlied" was finely judged by both partners.

ANDREW CLEMENTS

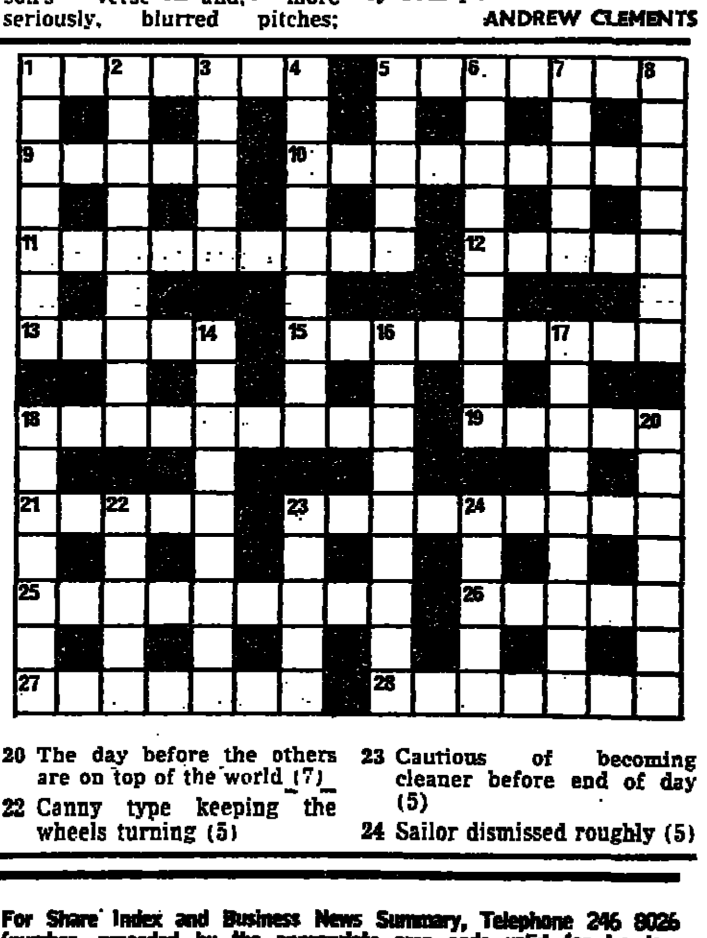
F.T. CROSSWORD PUZZLE No. 4,697

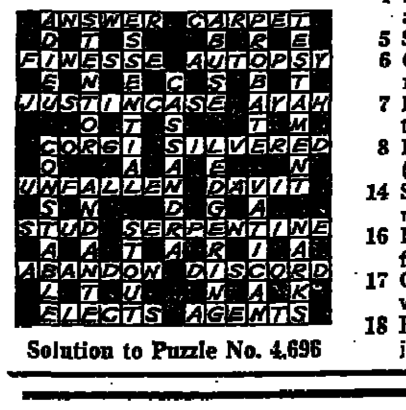
ACROSS

1 Supplier of oil firm difficult to displace (4, 3)
5 Stricter cut about to return (7)
9 Lean over (5)
10 Young missionary (6, 3)
11 Bonus for Boycott upset (9)
12 Baby given a pound to complete (5)
13 Gold discovered by another voter (5)
15 Place safe in church (9)
18 Application to teacher delights the taxman (6, 3)
19 Unaffected by individual entering body of church (5)
21 Low sounds key to beast (5)
23 Porcelain church in a Home Counties town (9)
25 When cold meals are provided by youth (5, 4)
26 Girl with a heart of stone (5)
27 Picture left at sea to fish (7)
28 Day one has to clear material (7)

DOWN

1 Flop into Welsh capital with a cry (4-3)
2 Desert family in holiday accommodation (5, 4)
3 Used writer to get in the way? (5)
4 Speculates on stories he put about (9)
5 Sucker for lemonade? (5)
6 Game for our previous majority in France (5-2-2)
7 Plunder to turn up at junction light (5)
8 Boy friend like a sovereign (7)
14 Sea disturbed offer to Cockney (4-5)
16 Boy destroyed by loving reflection (9)
17 One entering a country to work as a cartoonist (9)
18 Rise in cost of shoes starts inflation (5, 2)
20 The day before the others are on top of the world (7)
22 Canny type keeping the wheels turning (5)
23 Cautious of becoming cleaner before end of day (5)
24 Sailor dismissed roughly (5)





Solution to Puzzle No. 4,696

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester)

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone 75980. Editorial: Frankenallee 71-81. Telex: 416052. Telephone 7598 236.

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FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday October 14 1981

Responding to M Mitterrand

PRESIDENT Mitterrand's call for a European Community initiative to confront some of the economic problems afflicting all Western countries deserves a positive response from other member countries, not least *from Britain, current occupant* of the presidency. The details are vague, and some of the proposed directions appear questionable—but M. Mitterrand has called for a discussion, rather than presenting a cut-and-dried French plan. What is far more important is that he has challenged all members to show some practical support for the EEC as a constructive institution.

At present, as the French argue, public support for the Community is gravely eroded in all member countries. This is not only a disappointment to idealists, but a very practical threat. It can no longer be taken for granted that the EEC will survive a prolonged recession *even as an effective free trade* area—the squabbles already seen over fish, sheep, wine and poultry could readily spread to sensitive industrial products. So far as the UK is concerned, disillusion has reached the point where *the Labour commitment* to leave the Community altogether is currently more likely to win votes than to lose them. Greece may already be turning back at the threshold. A fresh initiative is therefore essential from the point of view of the Community itself.

Benefits

This is of course a self-defeating argument unless it can be shown that the Community can offer real benefits to its members. In terms of external politics, the benefits of joint action seem at length to be appreciated, and Lord Carrington has been among the leaders in developing joint Community *approaches to such central* problems as the Middle East. However, there has been a sad lack of any similar spirit in economic affairs.

Mr Edward Heath has recently pointed out one way in which the Community might provide very solid advantages, through joint action to provide some insulation from financial disorders in other parts of the world—most notably in the U.S.

Operationally, his proposal rested on a "ring fence" of Community exchange controls, aimed to make it possible to protect European exchange rates without the necessity to follow every upward swing in U.S. interest rates. This itself seems questionable on theoretical and practical grounds, and is probably unnecessary. An agreement to *follow a joint approach to* interest rates, judged on domestic criteria, and to refrain from currency market interven*tion, would provide the more* reliable independence of a clean float—which would incidentally contribute in a modest way to stabilising monetary conditions in the U.S. Currency market intervention in effect exports potential monetary growth in Europe to the U.S.

This was effectively the approach of EMS members *until mid-summer, when con*cern about the inflationary and balance of payments consequences of a rising dollar and consequently rising oil prices enforced a change. At the moment, with dollar interest rates falling and the oil market unprecedentedly soft, this has become a less pressing worry, and interest rates are declining in Europe; but we remain jointly vulnerable to any renewed upturn in U.S. rates. The temptation to follow them up again would be greatly reduced if in the meantime it proved possible to establish a dual-pricing regime for Opec oil, with European imports priced in a basket of European currencies—probably the ECU.

Proposals

We would urge the merits of this essentially financial *approach for several reasons. First, it* appears neutral in terms of political ideology, and might provide common ground *among the very different politi*cal regimes now ruling in Europe. Secondly, a stable and predictable European financial environment would in our judgment do more than any likely programme of investment and industrial intervention to foster growth and intra-European trade. Thirdly, it might be possible in this context to soften the so far negative attitude of the British Chancellor towards *possible British membership of* the EMS.

If the UK could respond to President Mitterrand's initiative *with financial proposals in the* same general spirit, it should be possible to examine his own specific proposals in a pragmatic rather than dogmatic way. The more open French position on agricultural policy, aimed, it seems, at concentrating help more on the dwindling small-farm sector, should get an unequivocal welcome. The proposal for a joint approach to industrial and technological *problems rouses sad memories* of past failures; but their scale, limited to the £500m Ortoli borrowing facility, is hardly forbidding. The proposal for a Community attack on unemployment, however, should be played down at this stage—not because the objective is undesirable, but because it is dangerous to arouse false hopes.

President Mitterrand's programme, even if fully adopted, would certainly not transform the economic situation, nor would they resolve many of the long-standing nationalist squab*bles which have hampered the* operation of the EEC. However, an active search for new and positive proposals for joint *action could help with the reso*lution of old problems, and may well be essential to the future health of the EEC itself.

Mr Prior takes the initiative

MR JAMES PRIOR'S speech to the Tory Party Conference on Northern Ireland yesterday was his first since he became Secretary of State three weeks ago. It was also on of the most positive statements by a senior British Minister on the subject for some considerable time.

In some respects, Mr Prior is in a more fortunate position than *his recent predecessors.* There has been a heightened consciousness of the Irish question in Britain for much of *this year. Part of this has been* due to the hunger strike and the publicity it inspired, especially abroad. But there have also been developments in Ireland—the election of Dr FitzGerald as Prime Minister and the talks between Mr Haughey and Mrs Thatcher before—which have drawn attention to the whole subject to an unusual degree.

Astute

The *Tory Conference, for* instance, had not debated it for five years. Yesterday the hall was packed, partly because of Mr Prior.

The Secretary of State was fortunate, too, in arriving in office when the hunger strike was already crumbling, though he was also astute in moving quickly to make concessions in the prison regime once the strike was over.

The theme of his speech yesterday was that there can now be no excuse for failing to *take the initiative*. There will be risks in any action, but the risk of doing nothing—which was almost what British policy was *reduced to earlier this year—is* even greater. It is not only the ending of the hunger strike which provides an opportunity *for moving forward. There is* also the chronic state of parts of the Ulster economy and there is the determination by Dr FitzGerald to change the Irish constitution in a way that could make it more appealing to Protestants.

It is too early to expect any detailed proposals, though Mr *Prior gave a few broad hints.* He appealed for investment in the Province as well as the restoration of some sort of normal political life and greater cross-border co-operation. None of that is particularly new and all of it would be a natural part of any Irish settlement.

Task

What is new, however, is the way Mr Prior and his team are going about their task. For the first time since Mr William Whitelaw held the office in the early 1970s, there is a Secretary *of State who looks as if he* means business. That means more than simply trying to contain the security situation while putting forth plans for talks about talks. It means persuading the Ulster communities that a large part of the onus in finding a settlement lies on them. It also means showing the Ulster unionists that London and Dublin are capable of working together; this point would *be made most tellingly if Mrs* Thatcher and Dr FitzGerald can agree, when they meet early next month, on an institution*alised political dialogue.*

Mr Prior warned the conference: "It would, I believe, be a serious misjudgment of the *mood of the British people to* assume that sympathy for the victims of violence extends to an acceptance of endless bicker*ing and squabbling about day* to day matters by both communities."

Such firmness is entirely to *be welcomed. The momentum* for progress is there as it has rarely been before. It must not be lost.

U.S. AUTO INDUSTRY

Detroit gambles on a boom

By Ian Hargreaves, recently in Detroit

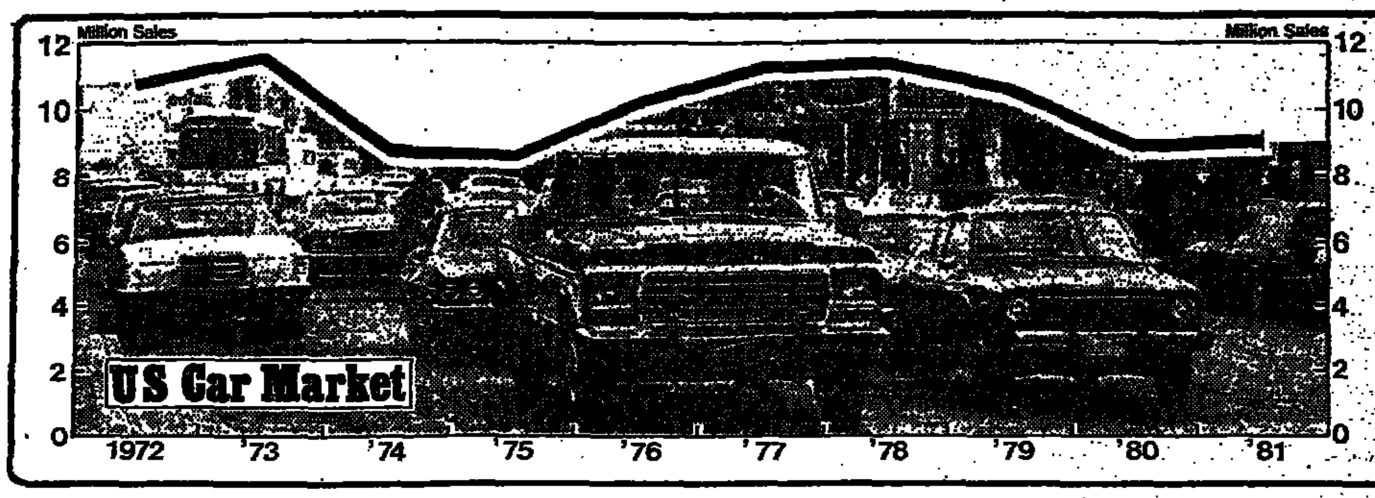
AUTUMN IN Detroit. Chilly rain is gusting east *from Lake Michigan. But* the weather is misleading, for this is no normal October in the motor city.

When leaves turn brown, there should be beauty parades of rival car models, ritual optimism from the industry's leaders and parties, parties, parties to herald in the new model year. Like last October, when, to celebrate the birth of the Escort-Lynx, Ford imported a Frenchman whose only stated atribute was to swipe the tops off champagne bottles with a sabre.

This year, there have been no parties. Not, as you might think, in some symbolic act of mourn*ing for the city's unemployed* in the 31st month of the industry's slump, but because in its haste to push fuel-efficient vehicles at the American public and so stop the advance of the importers, the industry has had to dismantle the traditional October *1 starting date for new models.*

General Motors introduced its sub-compact J-car last spring (1981½ in Detroitspeak) and will *unveil its mid-size A-cars in the* marketing wasteland of December.

Al that Ford has to show *this month is a five-door version* of the Escort and a shrunken, but still too large, version of the Lincoln Continental limousine. Ford's most important 1982 model year product, an all-new Ranger pick-up truck, comes in the spring.



Optimism based on facts and figures

Even the ritual optimism has taken a dent. Mr James McDonald, GM's president, says there are "just too many external factors" to permit him to offer BM's usual start of the model year forecast. He thinks the prime rate needs to drop below 14 per cent—it is now *18.5 per cent—before a solid* sales recovery can take place.

Others, however, putting behind them the gross over-*estimates of a year earlier, are* promising better times. Mr Lee Iacocca, Chrysler's chairman, sees 1982 as a 13.5m vehicle year, with 10m car sales and 3.5m trucks, compared with under 11.5m vehicles in the slump year just ended.

Detroit has a bulging file of facts and figures to support the case for optimism in 1982: petrol prices are stable, encouraging more driving; the rapid increase of the 25-54 year old age group, which buys most cars; increasing real affluence; a high scrap rate—at 80 per cent of new registrations in 1980, a record; a relatively low consumer debt-personal income ratio; and a 28 per cent rise in used car prices in the year to last June.

Mr Iacocca puts it another way: "there are 106 million cars on the road and 42 million of them are gas guzzlers doing 12 mpg or less."

Although this case has worn ragged with repetition, it remains compelling. Detroit *may be naively hopeful about* maintaining the 1970s trend towards two- and three-car households, but that Americans will some year soon produce a cyclical boom in car demand is beyond doubt.

"We will have three boom years back to back," says Mr Iacocca, "the trick now is to make sure you do not die before you get to that period."

Each of the companies, in spite of hugely differing financial circumstances, has picked its way through the slump with a similar strategy, which has *been to cut jobs and costs, main*tain cash flow by constant price discounting to keep the market alive, and stick firmly to invest*ment budgets. At the same* time, the industry is deeply involved in attempting a revolution in product quality and labour relations.

After a disastrously slow start, as might be expected of an industry big enough to account for 25 per cent of U.S. retail sales, progress has been impressive. Ford has reduced its North American salaried staff by 24 per cent since 1979, a loss of 18,000 jobs and shut down four plants. Staff salaries were frozen at the start of 1980, resulting in a drop in compen*sation for salaried officers of* the company of 47 per cent. GM's axe has swung no less hard.

On *quality, changes* are harder to measure objectively. GM said it deliberately slowed down production of the J-car this summer, putting quality before sales and that its own inspections and warranty reports make it easily the best quality vehicle in the company's history. Ford says its measured quality in the U.S. is 30 per cent better at the end of the 1981 model year, compared with a year earlier.

Japanese-style quality circles, minds sharpened by the industry's loss of $4bn last year *and an increasingly responsive* United Autoworkers Union have all helped.

This leaner Detroit will come *through 1981 in much better* style than it limped through 1980. Wall Street expects GM to make $1bn in profits and for Chrysler and Ford between them to lose about the same amount. Hardly a banner year, but at least more stable and when the boom comes, analysts talk of $10bn to $13bn in *aggregate profits.*

The industry has also just about managed to stick to its investment plans. GM is still spending $8bn a year, and although Ford's budget this year has slipped from $3.7bn to $2.5bn, Mr Philip Caldwell, Ford chairman, insists that is mainly *because of the reduced dollar* value of overseas investments caused by currency changes. "We are not cutting back our programmes one iota," he insists.

Another plus for Detroit as it enters a third year of slump is the kinder treatment it is get*ting in Washington, where the* hounds from the safety agencies have been called off, where Vice-President Bush is *slowly untangling some of the* red-tape the industry suffers and where moves, albeit slow and currently confused, are being made to moderate the pollution standards cars will have to meet beyond 1983. If the industry *wins on the clean air issue, it* will, says GM, be worth $300 per car.

The Detroit landscape then is *profoundly and permanently* changed. But it would be a mistake to believe, as some in the industry seem to have started to, that nothing more can or needs to be done until Mr Volcker brings down interest rates and starts the parties up again.

The most talked about problem in Detroit today is that of labour costs, which is hardly surprising as the Big Three gear themselves up for next year's renegotiation of contracts with the UAW.

Negotiations will be complicated by the fact that Chrysler, with a Government gun at its head, got the UAW to make over $1bn of wage concessions in the current contract, which will mean Chrysler assembly workers earning $3 per hour less than their counterparts at GM and Ford by the middle of next year. "We're going to be asking why," says Mr McDonald, who says that GM tried to re-open its own contract with the union, but was told privately *there was no go.*

A U.S. Government study found that the Japanese can still land a car in Chicago for *$1,500 less per unit than its own* factories are able to. Other economists have estimated Detroit needs to decrease its man hours per vehicle by 40 per cent to catch up. Part of this, of course, can be achieved by automation—Chrysler's K-cars come off a robotised production line in Detroit which autoworkers call the turkey farm. *Ford's new Ranger truck will be* produced at a 75 truck per hour rate, compared with 45 per hour for today's equivalent.

But for *all these* improvements, Detroit's labour costs are still running away. GM's average hourly labour cost in the *first half of this year was $19.45* per hour, including benefits, an 11.1 per cent increase on the previous year. As a percentage of sales, payrolls were 29.5 per cent in the period, up from 26.8 per cent in 1979.

Everyone agrees that, in spite of the bilateral import restrictions negotiated by the Reagan Administration with Japan last spring, imports remain a major threat. Ford expects the foreigners to take 24.5 per cent of the market in 1982, down from 26 per cent this year, and imports took 32 per cent of the Canadian market in August. Detroit cannot afford this level of foreign penetration.

MARKET SHARES
(percentages)

	1979	1980	1981
General Motors	45.7	45.6	44.4
Imports	22	27.5	27.3
Ford	20.1	15.9	16.2
Chrysler	9.2	7	8.55
American Motors	1.4	1.6	1.6
Volkswagen of America	1.4	2.1	1.8

Source: Wards Automotive Reports.

This import problem, however, is deeper than the main issues of price and product availability. Neither of these factors, for example, explains the surge in sales this year in *the luxury car class by BMW* and others. Part of the problem is fashion; another is quality; a third may be dealers.

The average import dealer—because they are *fewer in* number—is selling 550 cars a year against 303 for Chevrolet, 204 for Ford and 88 for AMC. This could be an underlying reason why customers frequently comment that salesmen of foreign cars are keener, brighter and appear better motivated.

There is, however, a comfort for the Detroit companies in *sales segmentation patterns this* year. As petrol prices have levelled out at the still, by European standards, bargain level of *$1.35 per U.S. gallon*, the small car boom has stalled. So far this year, compact and sub-compact cars have accounted for just over 52 per cent of the market, having touched a peak of 62 per cent in the spring of 1979.

The intermediate sector, where GM is strongest, has actually improved its share this year from 27.1 per cent to 28.1 per cent, although the full-size *sector continues to die an* inevitable death.

These shifting circumstances, of course, mean widely differing things to each of the four U.S. motor companies. American Motors, now controlled by Renault, is really just treading water until it can get its Renault-designed cars off the production line in Wisconsin next year.

Chrysler is always on the verge of a cash crisis and more than anyone else desperately needs to see the market turn. If it does, Chrysler may survive *long enough to convince another* company that it is worth taking over. Without that, it has no future.

Ford, rightly enough, is fed up with being bracketed alongside Chrysler. Its losses have been harrowing and the company's market position in the U.S. will continue to be weak for another two years until it brings out its own new models in the compact-intermediate class to meet GM's A-car and X-car. But the Escort-Lynx, a sub-compact, has been every bit as successful as the company hoped and will be produced at double capacity this year.

Ford also held on to a third of the U.S. truck market through thick and thin, and should improve that next year with the new Ranger. Overseas, it has pulled back in Germany, is top dog in Britain and has overtaken GM in Australia, with the help of its Japanese partner, Toyo Kogyo.

In the first quarter of this year, Ford took 10.7 per cent of the car market outside North America, against GM's 7.6 per cent — the biggest lead Ford has ever had over its oldest rival. And in spite of its losses, Ford ended the first half with no bank debt, equity of $8.1bn and long term debt of only $2.1bn.

GM, of course, is even stronger financially. It has lost some market share this year, in spite of the J-car, indeed perhaps because of its strategy of selling options-loaded Js, a practice which creates very high sticker prices and which must be losing the company sales.

It is a method designed to fight the Japanese, to make the cars look better in the showrooms and GM is the only U.S. company that could afford to risk it. In its home market, GM's strategy is, as Mr McDonald says, "to keep coming at that end of the market *where the importers have been* strongest."

Too much capacity for the market

If GM has a product problem, it is of too many models, too many subdivisions of a market which looks increasingly European in character. "As we move along, it is possible that we will *more firmly define the J, X and A slots* and probably eliminate some models in the middle," says Mr McDonald.

One thing is certain *about the* outlook — that the U.S. motor industry already has too much capacity and that this will get worse as newcomers enter the market. VW is nearly doubling capacity, Honda is building a car plant and Nissan a pickup plant and one problem gets worse as the industry makes more small cars, which can be produced at a greater rate per plant.

In 1982, the Big Three alone could probably turn out about 10m cars, rather than the 8.5m or so they expect to sell.

This problem could be aggravated as the companies source parts and even whole kits from overseas.

So, *although* the worst of Detroit's financial bloodletting is behind and the great $80bn re-investment binge almost half *complete, the competitive* squeeze is anything but a thing of the past. Detroit could be too busy for October parties for quite a while.

Men & Matters

Corridors to power

Rivalry between Britain's two major power plant manufacturers, NEI and GEC, might become even more intense, it seemed, with the news yesterday that NEI International had *appointed former deputy head* of the Export Credits Guarantee Department Kenneth Cotterill to reinforce its export expertise.

After all it is little more than a year since Lord Weinstock tempted John Lippitt from the Department of Industry to help win Britain's record-breaking power station contract in Hong Kong for GEC.

But the two men, who often worked in harness as civil servants, could soon be renewing their old partnership, I gather. For NEI and GEC have decided to bring a more harmonious note into their efforts to win export orders from India.

Instead of the competing bids which the two companies *fielded in China, they have now* agreed to co-operate on a single bid if India goes ahead with its planned power station programme.

NEI International was set up a couple of years ago to develop export business for the Newcastle-based engineering group. It has got off to a slow start, its only significant overseas success being a power station contract in Sudan.

Cotterill's job will be to help put together the total financial packages which in these days of cut-throat competition is just as important as manufacturing experience.

He certainly has the background for the task. In over *30 years at ECGD, he* became one of the most popular and respected civil servants in the City, setting the seal to his *reputation with some robust* and lucid evidence to the Wilson Committee.

Cotterill's workrate is also said to have impressed his civil servant colleagues who insist that he always took his summer holidays on one Friday in June.

"He didn't get it for getting things right but for saying how wrong everyone else is getting it!"

Blue rinsed

The Conservative conference—noted for its four-day loyal *toasts to the leadership*—seems determined to do its best again this year to ignore the little local difficulties that have arisen.

Opening on Margaret Thatcher's 56th birthday, it rapidly ensured that nothing should be *said to upset her celebrations.* In the first debate on housing, 60 minutes of speeches from platform and floor passed with*out one word about the increase* in mortgage rates.

Potential rebels—except in cases where the target is something like Willie Whitelaw's drippy approach to law and order—are being firmly pushed towards the fringes.

A brave but largely anonymous soul called P. L. Murphy *from Tottenham is trying to* reverse the traditions cemented by generations and bring some democracy into the conference hall. His, or *her, amendment* calls for changes in the selection of motions for debate to ensure that they are not picked for their uncontroversial sentiments but genuinely reflect the feelings of party workers.

Word, alas, from those who fix the agenda is that Murphy's amendment may not even be selected for discussion.

Posgate's push

Perhaps Lloyd's should have chosen November 5 instead of the previous days for its elections. For some fireworks can be expected from Ian Posgate's decision to run for the first time for a place on Lime Street's ruling committee.

More familiarly known to the market as "Goldfinger," Posgate's challenges to the *Lloyd's Bill in Parliament this* year have already caused a few explosions among the establishment. His financial backing for a parliamentary petition and his own crucial and damning evidence to MPs ensured that all Lloyd's brokers will have to divest themselves of their underwriting interests.

One of his opponents then, and now also an election candidate, Peter Miller, has put his signature to Posgate's nomination papers.

But Posgate's swashbuckling style has left some of his more conservative underwriting competitors in Lloyd's distinctly unimpressed. Committee meetings could be enlivened, if he is elected, by his encounters with such arch-rivals as Stephen Merrett, who still has three years to serve, and chairman *Peter Green.*

One of the most highly paid members of Lloyd's, Posgate could emerge as the most powerful commercial unit in the market after brokers end their underwriting links and a seat on the committee could bring him similar political power. Small wonder the coffee cups seemed *to be rattling nervously in the* Captain's Room yesterday.

Sauce hollandaise

That long-time advocate of re-selection of Labour MPs, Stuart Holland assures me he welcomes the double duel he now has to fight to retain his two-year occupancy of the Lambeth Vauxhall seat.

As a political assistant to Harold Wilson in 1967-68, Holland says he had first-hand experience of how out of touch MPs could *get with their con*stituency parties.

With the re-selection process well established in the German and Scandinavian parties, the former special adviser to Judith Hart and prolific writer on socialism, says: "I am surprised that people should be surprised we should have this choice."

No surprise then that he should be challenged by Nick Grant, a research officer for health services union COHSE, and a prominent member of the Labour centre's Solidarity. But even some of Holland's close *friends are apparently a bit* taken aback by the fact that his impeccable left-wing credentials should be questioned by *Rachel Lever, treasurer of the* Bennite rank-and-file mobilising committee.

Tours news

Following my German travel news yesterday, a reader phoned to say that he and his wife had just returned from a trip to the Loire Valley and were absolutely chateaued.

Observer

GUINNESS PEAT

A City house divided

By Barry Riley

A ROLLS-ROYCE car, registration HHK 1, occupying the prime parking space outside the Guinness Peat offices in St Mary Hill, just off Eastcheap in London, is the obvious external sign of Lord (Harry) Kissin's continued presence.

Inside the garage another Rolls is parked, and on the fourth floor he has an extensive suite of offices and three secretaries.

This is the man who two years ago retired from the chairmanship and from the Board at the age of 67 to take the non-executive title of president. The positions of chairman and chief executive were taken over by Mr Edmund Dell, the one-time Labour cabinet minister.

Now an outbreak of rumour and stock market speculation, following the recent profits setback and asset disposal by Guinness Peat, is a sign that friction between Lord Kissin and Mr Dell has developed to the stage where it is raising question marks over the group's future.

The post of president might—as it is in other companies—just have been an honorary position, fitting for a man who

Classic background to struggle for power

was born in Danzig, came to Britain before the war and built up the former Lewis and Peat commodities and trading company from tiny beginnings to the point where, in 1972, it was able to merge with a merchant bank—one of the City's elite band of accepting houses; Guinness Mahon. He was made a life peer in 1974.

But although nominally out of the group's central management picture, he has remained very much in evidence—as chairman until recently, for instance, of Guinness Peat's U.S. commodities holding company, and of associated companies like Esperanza and Linfood.

And those close to the internal politics of the group argue that Lord Kissin has continued to exert a powerful influence over the non-executive directors.

All this has provided the classic background for a power struggle as Mr Dell has attempted to impose his own authority on a rambling group which straddles several continents and extends all the way from industrial activities through commodity trading and broking to insurance and banking.

Divisions within Guinness Peat have been common City gossip for several years. For a time it seemed that Lord Kissin's influence was on the wane. Mr Dell has struck up an effective relationship with key executives like Mr David Burt, heading the commodities side, Mr George Whittaker in merchanting, and the financial director Mr Peter Dix, all of whom date from the Kissin era.

And until early in 1981 the group appeared to be prospering. Profits reached a record level in the year ended April 30, 1980, and the setback in the first six months of 1980-81 was no worse than might have been expected in a difficult trading environment.

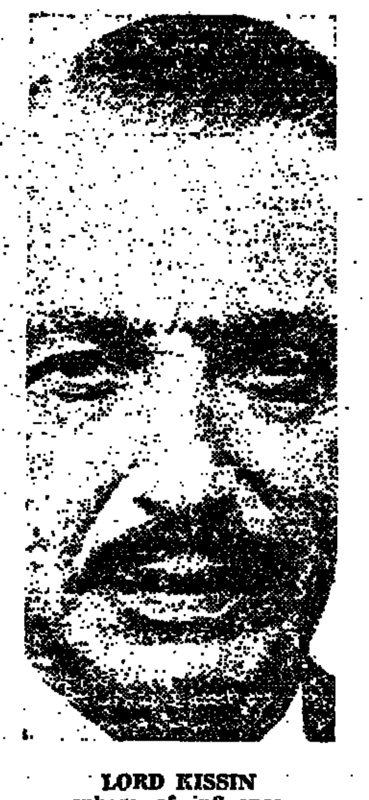
Then trouble struck, both at home—where the industrial interests were hard hit by the recession—and in the U.S., with an unexpected serious loss at an obscure Chicago subsidiary which traded in animal fats. The commodities side, which had benefited from freakishly favourable conditions in the previous year, found itself operating in a much harsher climate.

Group profits after tax crashed from £9m to only just over £2m at the attributable level, and the year's dividend was cut last month from 7p to 4p a share.

The most contentious single issue has probably been the sudden discovery of £4m of losses in Lewis and Peat (Chicago), a problem of which the senior London management apparently did not become aware until late last June.

Until last June the chairman of this operation was Lord Kissin. It is being suggested that the London management felt inhibited from exercising full control over the U.S. commodity operations because this was still regarded as being within Lord Kissin's sphere of influence.

Steps have now been taken



LORD KISSIN
sphere of influence

MR EDMUND DELL
own authority

The key asset is the accepting house Guinness Mahon

to bring L and P (Chicago) under the control of the group's U.S. commodity headquarters in New York. But it is an indication of the continuing family influence within the group that the new president of Lewis and Peat Inc., in charge of U.S. commodity trading operations, is Lord Kissin's son, Mr Robert Kissin.

Another cause for conflict between Lord Kissin and his successors is believed to be the management's decision to begin a process of disposal of assets. These have included stakes in companies of which Lord Kissin was chairman.

The Guinness Peat group has heavy borrowings. In the year ended last April these rose from £102m to £139m, and although the bulk of this debt relates to current trading—and is self-liquidating—the group has nevertheless borrowed long-term on a substantial scale to finance a variety of investments.

With asset values under pressure and interest rates rising to very high levels this debt—known internally as the central core of borrowings—has been causing problems. In 1980-81 the group had to pay non-trading interest of £7.5m, a sum which it was hardly able to cover out of trading income.

To cut its debt, Guinness Peat has sold in recent months its stake in Greencoat Properties, and has reduced its holding in Esperanza—a shipping and other services group of which Lord Kissin is chairman—from 21 to 9 per cent so that it is no longer an associated company.

The most controversial deal has been the decision to sell the 20 per cent holding in Linfood last month for £12m or about 139p a share. Guinness Peat denies that this was a hurried sale—it was planned as far back as last spring, but had to be delayed under insider dealing guidelines until Linfood's results were published.

Only days before the sale, Lord Kissin resigned as Linfood chairman. Shortly afterwards, several other non-executive directors associated with Guinness Peat resigned from the Linfood Board, and Guinness Peat's banking subsidiary, Guinness Mahon was replaced by Morgan Grenfell as the company's advisers.

Last week Mr James Gulliver's Argyll Foods, which had bought the Linfood stake, launched a full-scale takeover bid for the company at just over 170p a share. The bid was described by Linfood as "unsolicited and unwelcome."

In retrospect, it seems strange to many observers that Lord Kissin should have chosen to place himself in such an ambivalent position with respect to his chosen successor, or that Mr Dell should have agreed to take on the post without assurances that Lord Kissin was indeed going to pull out completely.

The problems of outsiders in fitting in with the Guinness Peat set-up had been highlighted before the arrival of Mr Dell by the departure from the Guinness Mahon board of a former Treasury mandarin, Sir Derek Mitchell. He stayed only just over a year and left in December, 1978.

Lord Kissin's continuing presence at the group appears to be securely founded upon consultancy agreement which still has something like seven years to run.

Yet his actual direct shareholding is comparatively small. Since he ceased to be a director his stake is no longer disclosed, but was last given as less than 1 per cent. The only known sizeable stakes are two, of about 6 per cent each, held by Aer Lingus and COFI, a Luxembourg investment company.

One view is that if it came to an open dispute Lord Kissin might be able to muster about 20 per cent of the votes as a starting base, though such a block would be far from homogeneous.

In the past few days strong rumours have been circulating that a takeover bid might be launched for this unhappy group, and the share price has risen expectantly. However, Mr Dell has firmly denied that the group has received any approaches.

The key asset is the accepting house Guinness Mahon, which has continued to make progress — disclosed net profits were up from £1.8m to £2.2m last year. Bank of England permission would be required for any change of ownership, but the prices paid for other accepting houses like Antony Gibbs, and, only this month, Arbuthnot Latham have confirmed that Guinness Mahon is a highly valuable asset.

A sale of the bank would be one way for Guinness Peat to

Promise of action to rebuild profitability

extract itself from the debt burden which is forcing it to rethink its future.

But the group's plans are by no means entirely negative. In his statement in the annual report this week Mr Dell argued that vigorous action was being taken to rebuild the group's profitability. He says that all divisions except commodities are doing better than last year.

And it is thought that an important expansion move is in the offing at Guinness Peat's highly profitable New York money broking operation, Noonan, Astley and Pearce.

But the spate of rumours and gossip is now likely to damage Guinness Peat's reputation, and there is concern that it may have a serious effect on morale throughout the group. The executive management is under increasing pressure to find a way of permanently resolving the conflict.

Lombard

How the EEC makes decisions

By John Wyles in Brussels

PARTLY BECAUSE the French appear to want it, partly because the European Commission is desperate for it and partly because there is an objective need for it, proposals for developing the EEC are dropping like a shower of confetti. Inevitably and quite rightly some of them focus on the need to improve the working of Community institutions where the pace of decision-making set by the Council of Ministers would often shame an infant snail. In the past seven days we have heard from both the European Commission and, on Tuesday, the French Government the argument that the Council of Ministers must make greater use of majority voting.

The resurrection of this idea may have set hearts palpitating among Labour politicians in Britain or even within the members of the small Tory Party group who are dubious about Britain's continued membership of the Community. Let these unquiet hearts be stilled. Even if the Community moved to majority voting next week, which it won't, nothing would change very much. The reason is that while everyone may be able to agree in principle that a greater use of majority voting as provided for in the Treaty of Rome would be a good thing, not everyone is anywhere near ready to abandon the celebrated Luxembourg compromise whose existence, if you follow me, guarantees its existence.

This agreement, resulting ironically from deep French hostility to majority voting, means that any member state can insist on unanimity when it considers its very important interests are at stake. In January 1966 it helped to end a 12-month French boycott of Community institutions. Since then unanimity has been the rule on virtually all decisions of any importance except those concerning the EEC budget and on agricultural management committees where agreement is needed within fixed time spans.

The general reluctance to abandon the Luxembourg compromise has always been manifest and never more so than in December 1974 when the EEC heads of government summit concluded, ponderously, that "it is necessary to renounce the practice which consists of making agreements on all questions conditional on the unanimous consent of member states." Then they spoiled it by adding, opaquely, "whatever their respective positions may be regarding the conclusions reached in Luxembourg on January 28 1966." This kept the compromise alive but it has also allowed for some modest flexibility in decision making.

The prospective enlargement of the Community from Ten to Twelve is properly deployed by many as a reason for majority voting. The bigger the Community, the greater its possible inertia. But by adding to the political, economic and social diversification of the Community, enlargement makes majority voting on significant issues even less likely unless elaborately-weighted votes are devised to ensure that the Mediterranean interest is balanced against the Northern European.

A further obstacle to the use of majority voting and, indeed, to the development of the Community itself is what might be called the ideological spread among member states. If the EEC is to be revived on the basis of new social and industrial policies, then there must be some consensus among member states on their underlying economic approach and on the part which government can play on tackling fundamental problems. There is little such consensus at the moment. Neither President Mitterrand nor Mrs Thatcher, to mark out the two extremes, would ever wish to be in a minority on a proposal which in the one case might affect a government's power to nationalise or in the other might require the introduction of a 35-hour working week.

Between these two extremes, however, many useful agreements are possible and indeed desirable. But in a Europe firmly anchored on inter-governmental co-operation, as this one is, a big infusion of trust, confidence and agreement on aims and objectives will be needed before majority voting can take the pace of decision making out of first gear.

Letters to the Editor

The state as sole supplier of credit

From Miss Clare Macdonald

Sir,—I agree with Mr T. G. Hutson's letter (October 7) in which he discusses the harmful effects of high interest rates, pointing out that they are a contributory cause of inflation through pushing up costs and that far from curbing lending paradoxically, banks are now lending yet more money to both industry and Government just to enable these borrowers to service the loans they already have."

If we accept the principle, as I believe we should, that money ought to act as the simple medium of exchange, and not like a fast-breeding rabbit endowed with immortality, then we must ask ourselves the deeper underlying question "Who is entitled to receive interest and why?"

The small investor with his life savings in a Government "safe haven" has the right to expect that his purchasing value will remain the same until the day when he needs to spend them. Any extra "bonus" should be a matter for Government policy to decide according to prevailing conditions. The man who invests his money as "risk capital" in someone else's business enterprise is entitled to receive interest or a share in the profits until the debt is repaid. (There should be no everlasting debts.)

Bank credit (which is not money earned and saved but a creation by book entry) is in quite a different category. It has no intrinsic value but is merely a permit for the borrower to avail himself of labour and raw materials which belong to the nation, not to the bank. If State-created credit were to be channelled through the banks to the private sector of industry and commerce and a moderate rate of interest charged to the borrower for his privilege, then such interest should be returned to the State for the benefit of the country, the banks being rewarded by an appropriate professional fee for their expertise, time and work involved, overheads etc. Such a system would, of course, require that the State be the *sole* creator of the country's money supply in all forms, including credit.

Clare Macdonald.
70, Courtland Avenue,
Cranbrook,
Ilford, Essex.

Tilt mechanism

From Dr David Masheder

Sir,—In reply to Sir Peter Parker's suggestion that the Chancellor of the Exchequer should take a closer interest in British Rail's new Advanced Passenger Train (Men and Matters column, 7 October), Sir Geoffrey Howe should have reminded Sir Peter of one of the difficulties BR is facing in putting the APT into operation—the possibility of oncoming trains, whilst negotiating sharp turns, to collide if the tilt mechanism fails!

David Masheder.
10 Chemin Castelvcr,
1255 Veyrier, Geneva,
Switzerland.

Britain's trade with the EEC

From Mr James Bourlet

Sir,—Mr Hugh Dykes, MP (Letters, October 9), really is making a misleading and unrealistic claim in suggesting that the rise in British exports to Western Europe (from 38 per cent in 1960 to 45 per cent in 1970 to 58 per cent in 1980 of total British exports) constitutes a "reason for membership of the EEC."

He omitted to make three additional points:—

1—Exports to the EEC were rising long before we joined the EEC, and on that trend would have continued to rise whether or not Britain was a member.

2—Over a quarter of these exports in 1980 were oil which we can sell whether or not Britain is a member of the EEC.

3—Of the non-oil increase much represents "trade diversion," not "trade creation," as tariff barriers, etc., have been altered. A reversal of these moves would lead to a reversal of this diversion—not a loss of total trade if Britain ceased to be a member.

In fact tariff barriers under the GATT arrangements will not, in any event preclude trade within Western Europe and it is high time Britain woke up to the fact that membership—or non-membership of the EEC is close to irrelevant to our trading prospects.

What is relevant is industrial costs and here the CAP (Common Agricultural Policy) is doing immense damage but that is another story altogether.

James Bourlet.
City of London Polytechnic.
84, Moorgate EC2.

Racial discrimination

From Mr Lionel Morrison

Sir,—Your editorial of October 5 ("Racial bias is bad for business") rightly drew attention to several important problems and pointed the way to several solutions. There was, however, one misunderstanding which needs to be cleared up. The Commission for Racial Equality did not in fact propose that BL Cars should discriminate in favour of racial minorities so that the composition of its workforce should reflect that of the surrounding community. Discrimination of this kind would of course be unlawful. Instead our recommendations to the company were concerned with measures which would help to prevent discrimination in selection. We suggested that, as specifically allowed in the Race Relations Act, they should encourage members of racial minorities to apply for work where they had been under-represented in the previous 12 months, but this would not involve discrimination at the point of selection itself.

Lionel Morrison,
Acting Director,
General Services Division,
Commission for Racial Equality.
Elliot House,
10/12 Allington Street, SW1.

Magic of the East

From Mr D. Edwards.

Sir,—I recently read in the Singapore Investment News for September 1981 an article concerning participation between unions and management. A priceless extract from this article, which should be printed above the front door of every union office, reads as follows: "Laggards either change for the better or be weeded out. Their flagrant disregard for the rules of survival for the Company cannot be tolerated. This applies to every member of the company whatever his station in the enterprise."

You may think this was a management whiplash—not so. It was stated by the Secretary General of the National Trade Union Congress of Singapore, who called on workers to work as a team to meet their employers' goals, which, in turn, would benefit him and all the workers at all levels in the enterprise.

In the present climate of unions-v-management, this lesson would not go amiss in any section of industry.

D. Edwards.
14 Station Road, Blackpool.

Problems of urban delivery

From the Controller, Planning and Traffic Services, Freight Transport Association.

Sir,—The experiences of Boots, as told on your Management Page on October 5, are surprisingly typical of companies delivering into town centres. All too often there are good traffic management reasons why lorries should be banned from loading and unloading at peak hours (8 am-10 am and 4 pm-6 pm) and amenity reasons why they should be excluded from pedestrianised areas during the main part of the day (typically 10 am-4 pm). But where does this leave the essential goods delivery without which the town centre cannot service the needs of the shoppers and the business man whose progress into and around the town has been freed from the hindrance of the delivering lorry.

FTA operates a unique monitoring and investigation service of all these controls which in a year will number between 1,500 and 2,000 throughout Britain. These controls, by their very nature, will be predominantly in urban areas and while individual bans can often be accommodated in isolation it is the cumulative effect of bans, both in adjacent towns and at adjacent times that it most damaging to distribution efficiency. For example, with Leeds, Bradford, Pontefract, Wakefield, Huddersfield and Halifax, all having pedestrianisation schemes starting soon after 10 am, where do you find productive work for the urban distribution vehicle in West Yorkshire during the middle of the day?

Faced with these problems the distribution manager will use his management skills to overcome them. This results in the customer getting his goods but, as in the Boots example that you quoted, a hidden efficiency penalty is introduced which inevitably adds to the cost of those goods. This "inefficiency" in the distribution system is particularly sad because with a little bit more give and take in the planning of these bans and amenity areas an efficient distribution system can operate in harmony with a valuable environmental asset creating a thriving commercial and retail centre, as Watford has demonstrated for many years.

R. K. Turner,
Hermes House, St John's Road,
Tunbridge Wells.

Huntley & Palmer climbs to £2.1m in 36-week period

AN INCREASE from £1.25m to £2.05m in pre-tax profits is reported by Huntley and Palmer Foods, formerly the Associated Biscuit Manufacturers, for the first 36 weeks to September 13 1981. Sales advanced from £239.4m to £252.15m, with the UK companies' share rising from £169.52m to £176.2m.

Mr Gordon W. Palmer, the chairman, says trading conditions in all parts of the world in which the group operate continue to be difficult. Across the whole group there have been improving efficiencies with lower costs offset for the most part by the difficulty of maintaining volume. Manning levels have again been reduced and resulted in further redundancy costs of £500,000.

Trading profits increased by 11 per cent from £5.17m to £5.74m, but there was a fall from £4.18m to £3.75m in the UK. Overseas companies advanced, however, from £995,000 to £1.99m. Mr Palmer says the overall increase in trading profits was due to better management of the group's working capital which resulted in interest charges falling from £4.92m to £4.77m. Interest rates remained high, especially in North America.

In the UK the biscuit market continues to show no growth and the group has held its prices for 15 months. Trading profits in the biscuit division have, however, improved.

The French subsidiaries have performed well, and in the confectionery division, improved production efficiencies have secured a reasonable level of profit.

Mr Palmer says that with another rise in interest rates, and with no sign of an end to the recession, it is more difficult than ever before to predict the group's future.

The outlook for the Christmas trade on which it depends heavily, looks quite promising, although it is late starting. He expects the final 16 weeks to show better results than the corresponding period last year, but the percentage increase in profit for those weeks will not match the rate of increase achieved in the first 36 weeks.

The pre-tax figure includes other income of £272,000 (£235,000) and associates share of £811,000 (£713,000).

There was a tax charge of £1.08m (£1.18m), and after minorities of £26,000 (£63,000), attributable profits climbed from £8,000 to £963,000. The interim dividend is maintained at 2p—last year's total was 4.44p from pre-tax profits of £7.23m.

The group's name was changed in July, but the companies embodying the biscuit, European and international divisions will continue to be known as Associated Biscuits Limited, Associated Biscuits (Europe) and Associated Biscuits International, respectively.

Among the group's brand names are Huntley and Palmer, Peek Frean and Chiltonian, and Smiths Foods (crisps, nuts and snacks). The Caxton Chocolate Company is one of its subsidiaries. Its overseas associates are W. and R. Jacob and Company (30 per cent owned) in Ireland, and Britannia Industries (38 per cent owned) in India.

See Lex

Mr Gordon Palmer, chairman, says biscuit prices have been held for 15 months.

Telefusion 'looks ahead with confidence'

IN HIS annual statement Mr J. N. Wilkinson, chairman of Telefusion says that the group can look forward with confidence. As reported on September 11 the company, whose activities include the sale and rental of radios, televisions and video recorders, advanced sharply with taxable profits up from £978,000 to £2.54m in the year to April 25 1981.

During the year, the Trident retail division closed its central distribution depot which had operated at a cost of £0.8m per annum. This was possible, Mr Wilkinson says, by utilising available space in the new superstores and the completion of new developed computer systems whihc automatically control ordering and monitor stock levels.

The cost of closing the central distribution depot, including redundancies, was approximately £0.5m and was charged against profit in the year under review.

At the year-end shareholders funds stood at £13.12m (£17.61m). Fixed assets were valued at £31.38m (£29.9m), current assets came out at £15.42m (£18.74m) and current liabilities at £19.21m (£25.15m). There were medium-term borrowings of £3m (£3.5m).

During the year there was an increase in working capital of £3.03m (£5.89m decrease).

Meeting: Connaught Rooms, Great Queen St, WC, October 22 at 12.30 pm.

William Cochrane looks at the reasons for Tarmac's acquisition of Hoveringham

Opportunity to speed attainment of aims

TARMAC yesterday bought from the controlling shareholders of Hoveringham 9.28m ordinary shares, representing 86.40 per cent of the issued ordinary shares and 75.12 per cent of the votes of the combined ordinary and restricted voting ordinary shares.

The price was 226p a share, funded by the placing with institutions of 6,355,951 Tarmac ordinary by Robert Fleming and brokers Rowe and against Monday's closing price Pitman at 330p a share of 358p.

Remaining shareholders will be offered 226p in cash for each ordinary, and 196p for each restricted voting share. The offers will comply with the City Takeover Code and Hoveringham's advisers, Hill Samuel and Co., have recommended acceptance.

"HOVERINGHAM IS . . . a jewel box where one family holds the key; pressure to unlock it will increase if the return on assets remains poor for long."

When they said this in January, with Hoveringham's equity capitalised in the market at £10m, brokers Savory Milln could hardly have expected to be proved so right, so soon. But in a shut-out bid of £40.1m for Hoveringham yesterday, Tarmac is convinced that it is going to get its money's worth, and that in relatively short order.

Tarmac's activities embrace all facets of the construction industry. In the UK it is involved in contracting/civil engineering and building, both in the public and private sectors, building materials in the form of aggregates, roadstone, roofing and insulation products, private sector housing and property.

After a top management shakeup in the late 1970s—which had not a little to do with a well-publicised £16m provision against losses in Nigeria — Tarmac emerged stronger in terms of both profits and stock market performance.

Tarmac's shares performed 34 per cent better than the All-Share index in the 12 months to last Monday, which compares with an 11 per cent plus in relative performance for building materials as a sector.

Group finance director Graeme Odgers, appointed from GEC three years ago, said yesterday that quarry products was Tarmac's "biggest, most important and very successful division" last year, contributing £24m to total group profits of £54m before interest and tax.

The strategy of the subsidiary concerned, Tarmac Roadstone, has three key features in the UK, the group said. These are:

- To expand and strengthen its mineral holdings generally, but particularly in the Midlands and South of England;
- To offer a more complete service to customers by broadening its product range nationally; and
- To continue the development of its ready mixed concrete business.

Tarmac said yesterday that the Hoveringham acquisition provides a "unique opportunity" for Tarmac Roadstone to achieve all of these objectives quickly.

Hoveringham is certainly uniquely positioned, in one sense. Since the Amey group was taken over by Consolidated Goldfields in 1972, Hoveringham has been the only significant independent aggregates company in the UK.

According to Savory Milln's estimates, Hoveringham has 14,000 acres of freehold land and its net book asset value of 151p a share incorporates that land at agricultural values.

Tarmac, obviously, is not interested in Hoveringham as any sort of property deal. What it wants is access to the company's deposits of aggregate and roadstone beneath the soil, estimated to amount to about 400m tonnes against a mooted figure in excess of 3bn tonnes for Tarmac itself.

Graeme Odgers sees the 3bn figure as very notional indeed, involving some quarries which could not be worked economically at present, and others which are just not in the right parts of the country.

What he does say is that Tarmac, pre-Hoveringham, is "very strong" in the blacktop road surfacing sector, strong again in stone, but weak in both sand and gravel and in the ready-mixed concrete market.

It wants to be stronger in sand and gravel, and ready-mixed in product terms, and in the South of England geographically. The Hoveringham deal, says Mr Odgers, should take its market share up to 10 per cent in ready-mixed, and in sand and gravel to "a little less."

Hoveringham's profit performance is widely expected to be bad this year but Mr Odgers is not looking for significant dilution of Tarmac's earnings, even in the relatively near medium term. He notes that Hoveringham made profits of £4.9m before tax (£5¼m pre-interest) in 1978, and Tarmac "is not going to be content with low earnings" from this acquisition.

In balance sheet terms, the deal should leave the Tarmac group with net equity assets of over £200m, helped by the £21m equity placing associated with the deal, and overall debt still short of £100m. So the risks of a rights issue, which have sometimes troubled Tarmac followers, is not something that they should worry about on this score.

Mr Odgers said that Tarmac would have to take a "careful look" at Hoveringham's "peripheral activities." In the late 1970's the Hoveringham management forged a chain of acquisitions in the field of insurance broking, waste disposal, road haulage and builders' merchanting, in addition to an unfortunate investment in a gravel company in the U.S.

Last night Hoveringham and its advisers said that Tarmac had indicated its willingness to dispose of Hoveringham's investment in its insurance broking business, and that the Board of Hoveringham (other than members of the Needler family) had agreed to the disposal of these businesses to Needler family trusts for a cash consideration of £1.5m.

The disposal will be subject to the approval of Hoveringham's shareholders other than Tarmac.

Milk margins boost in first half as Clifford's grows by £0.74m

REGISTERING A £737,000 leap at £1.63m, Clifford's Dairies' pre-tax profits for the first half of 1981 witness the benefits accrued from improved milk margins since January and increased volumes in most other areas of group business.

However, the directors say rising costs, which are unlikely to be matched by a milk margin adjustment until early next year, together with increasing price competition, will not allow a repeat of the first-half performance in the second six months. Second-half profits are unlikely to be substantially above the £1.26m achieved in the same period last year. This would put the full year outcome at about £2.9m, compared with £2.16m.

First-half earnings per 25p share are shown to have improved from 9.83p to 11.68p and the net interim dividend is stepped up from 1.25p to 1.5p. Last year's total payment was 4p.

Sales for the half year advanced from £23.61m to £26.86m and profits were struck after interest of £324,000 (£397,000) and share of associates £111,000 (£132,000).

Apart from milk distribution, the company's activities include dairy products and groceries.

● **comment**

Clifford's refuses to take much joy in its 82 per cent rise in pre-tax profits. Last year, the company was pinched by April 1980 wage awards as a milk price increase was not approved until last January. Margins jumped smartly, from about 4 per cent to 6 per cent, but rising costs in the labour-intensive doorstep business are expected to again depress earnings. The company predicts second half profits to drop back to last year's level of £1.2m. Further, Clifford's has been facing stiffer competition from supermarkets which have begun to take even slimmer margins on milk in their rush to grab a larger share of the shrinking overall milk market. Both cream and fruit juice sales are bouyant, however, with the latter expected to increase its volume some 50 per cent this year thanks to a new factory in Kidlington. Although still a small fraction of sales, fruit juice products have been picked up by Marks and Spencer and Waitrose and should net a wider customer base next year. Clifford's balance sheet is in sound shape. Interest payments have eased thanks to reduced short term borrowings and falling interest rates. Full-year pre-tax profits of £2.9m indicate a prospective p/e of more than 17. Assuming a similar increase in the final, the shares, unchanged at 200p, offer a prospective yield of about 3.2 per cent.

HIGHLIGHTS

Lex, having looked at yesterday's moves in the financial markets, goes on to consider the major corporate news stories, which were dominated yesterday by bids. Tarmac turns out to be the buyer of Hoveringham Gravel. The Needler family put the company up for sale in mid-August. Tarmac is paying £40m for Hoveringham, which seems a fairly expensive price, but the view last night was that the company should be able to make a reasonable return on its expenditure. Also on the bids scene, Unigate announced that it is taking over an American restaurant/fast food chain for £17m. Lex also looks at the half-year figures from Huntley and Palmer. These show a big recovery from last year, though by historic standards they are not good, and the market was disappointed.

Oldham Brewery to USM

Oldham Brewery, the regional brewer which has been trading for more than 100 years, is moving to the Stock Exchange's Unlisted Securities Market from dealings under rule 163(2).

Oldham, which brews a range of beers and lager, operates some 84 public houses. For many years the shares have been trading under rule 163 and now there are around 1,400 shareholders and an average number of bargains of 10 a week.

Dealings this year have taken place between prices of 65p and 83p. The shares stood last night at 77p.

In the year to January 31 1981 the company's turnover was £9.35m against £8.31m and profits before tax were up from £1.45m to £1.77m. Earnings per share were stated at 5.99p against 5.13p. Dividends were paid of 2.85p increased from the previous twelve months' 2.375p.

Tangible assets in the last balance sheet were shown at £10.48m equal to 72.8p a share.

In the half-year to July 31 1981 profits eased slightly from £864,976 to £860,467 on turnover up from £4.57m to £4.94m. An interim dividend of 0.95—compared to 0.85p—was paid.

Mr A. Brooke, chairman, said at the time that the volume of trade had shown a downturn in line with the national trend.

Hill Samuel has advised the company and brokers to the introduction are Fielding, Newson-Smith, Charlton Seal Dimmock, Mills Dutton and Co. and James Sharp.

Spirax-Sarco first half profits down

TURNOVER EDGED ahead at Spirax-Sarco Engineering from £20.38m to £20.84m for the half year to June 30 1981. Pre-tax profits were slightly lower, from £2.82m to £2.71m.

Mr C. Brown, the chairman, expects the company to produce reasonable results for the year as a whole, despite continued difficulties in world trading conditions. He can detect little evidence of improvement in UK business activity, although the rate of deterioration has slowed in recent months.

The interim dividend is held at 1.7p, but it is being paid on increased capital after the rights issue. Earnings per share are reduced at 4.3p (5.7p).

Interest charges rose to £555,000 (£461,000). Tax was higher at £1.21m (£1.01m). Attributable earnings came out slightly lower at £1.44m, compared with £1.75m previously.

● **comment**

This is the third successive half-year in which Spirax-Sarco has fallen just slightly below expectation (and the previous year's achievement). On this occasion, there were two reasons why the trend might have been broken. Drayton had been reorganised, and has, in fact, returned to significant profitability. And the rights capital receive din April must have reduced the interest charge by over £0.25m. Perhaps it is reasonable to be content with more tangible effects in the second half; moreover, there will then be a noticeable benefit from the depreciation of sterling against the stronger European currencies. A profit of £7m before tax is thus probably within range, suggesting that there will not quite have been sufficient progress to overcome the dilution-effect of the rights issue: at 134p (down) 2p the prospective fully taxed multiple is about 15¼, and a yield of under 5 per cent reinforces the premium rating, which scarcity of comparable stocks should help to sustain.

London & Montrose pays 3.76p

GROSS INCOME of London and Montrose Investment Trust improved from £1.51m to £1.58m for the year to September 30 1981 and available revenue rose slightly to £926,425, compared with £924,084.

Stated earnings per 25p share were little changed at 3.79p (3.78p), but a second interim of 2.56p raises the total payout to 3.76p, in line with the forecast of not less than 3.6p. Last year's total was equivalent to 3.76p, including a special 0.24p, adjusted for the scrip.

Interest again took £16,856 and tax charge increased from £491,387 to £526,546.

DERBY TRUST

At September 30 1981 the total value of the Derby Trust portfolio was £19,082,962, compared with £21,789,216 at June 30 1981.

Assets attributable to the capital shareholders amounted to £14,330,467.

Cradley Printing

Taxable profits of Cradley Printing Co. rose from £388,671 to £401,577 for the year to June 30 1981, although the second-half figure showed a slight reduction on the same period last year. The midterm result had risen from £166,000 to £180,000.

Stated yearly earnings per 10p share were marginally higher at 3.7p (3.6p) while the dividend is increased from 0.525p to 0.63p net.

First-half fall at Shires Inv.

Pre-tax revenue of Shires Investment Company, an investment trust, has fallen from £234,172 to £195,698 for the half year to September 30 1981.

Stated earnings per 50p share dropped from 6.32p to 5.37p, but the interim dividend is kept at 3p net—the final last time was 8.8p.

First-half investment income decrease from £237,607 to £216,293.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ash and Lacy ......int.	6	Oct. 31	6	—	12.5
Assam Frontier Tea ...	10	Dec. 1	10	10	10
Clifford's Dairies ......int.	1.5	Nov. 13	125	—	4
Cradley Printing	0.63	—	0.53	0.63	0.53
S. W. Farmer ....int.	3.07	Dec. 4	3.07	—	9.17
John Finlan ....int.	3	Dec. 4	1.5	—	4
Hunting Petroleum int.	2.25	Nov. 26	2	—	6.5
Huntley and Palmer int.	2	Jan. 4	2	—	4.44
Ldn. & Montrose sec.int.	2.56	Nov. 27	2.52*	3.76	3.76*‡
London & Strathclyde ..	1.4	—	1.35	2.2	2.55§
Midland Mart ....int.	1.25	Jan. 6	Nil	—	2.5
More O'Ferrall ......int.	1.1	Jan. 4	0.83*	—	3*
Rosehaugh Co.	2.1	—	2.1	2.1	2.1
Senior Engineering int.	0.75†	Nov. 30	0.75	—	1.5
Shires Invest. ....int.	3	Jan. 29	3	—	11.8
Spirax-Sarco ....int.	1.7†	Dec. 4	1.7	—	4.4

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Included adjusted 0.24p special. § Includes special payment of 0.5p.

MINING NEWS

Asbestos mines hit in Canada

BY KENNETH MARSTON, MINING EDITOR

CANADA'S asbestos production is expected to be about 15 per cent down this year because of the weak markets both for short and long fibres used in asbestos cement products, reports Robert Gibbens from Montreal.

Most asbestos producers, including the five leading companies in Quebec, have been working short time for the major part of the year. The Advocate mine operation in Newfoundland is being shut at year-end and, outside Quebec, the only sizeable operation remaining is the Cassiar Resources mine in northern British Columbia.

Industry spokesmen attribute this year's sharp decline to the impact of world recession, continuing high inflation and peak interest rates, the slowdown in construction, and the inability of some developing countries to earn sufficient foreign exchange to cover imports of long fibres used in asbestos cement building products.

Last year Canadian fibre production was 1,291,000 tonnes, against 1,492,000 tonnes in 1979 and 1,690,000 tonnes in the peak 1973 year. In the first seven months of this year, it was 614,795 tonnes against 685,138 tonnes in the same period of 1980.

Some producers, such as Asbestos Corporation, the second largest after Johns-Manville Canada, say signs point to a bottoming out in the world market and some improvement in the first half of 1982. However, the trend towards recovery will be hesitant. The Quebec Government is entering the final stages of negotiation for the takeover of Asbestos Corporation, and already has acquired Bell Asbestos from Turner and Newall of the UK.

The Soviet Union, while it produces more fibre than Canada, has not been a strong factor in world markets in 1980 or 1981, although it continues to provide competition in specific areas from time to time, especially in Asia.

The Quebec Asbestos Mining Association, representing more than 80 per cent of Canadian production, estimates stocks at about 200,000 tonnes, nearly 75 per cent above those of a year ago. About two-thirds of Canada's production goes for asbestos cement building products, and the balance for other uses including textiles and friction products.

Fibre prices have risen about 12 per cent a year for the past three years, but discounting now is widespread among Canadian producers because of surplus fibre. Producers see great difficulty in getting a further price increase early in 1982 to meet the rising costs of operations.

They also believe that environmental objections to asbestos in Europe have been a definite factor in the decline in demand. Consequently any improvement in demand must come primarily from the developing countries.

W. Australia increases mine royalties

Western Australia's mining royalties and lease rentals are to be increased following the Staet budget announced by Sir Charles Court, Western Australia's Premier and Treasurer.

However, a royalty will not be imposed on the gold mining industry which, according to Sir Charles, is undergoing redevelopment and faces erratic market conditions.

Royalties under mining act regulations will be increased from 0.5 per cent to 5 per cent of realised value of concentrates and 7.5 per cent of bulk minerals from December 1.

The rate charged on a limited number of products in metallic or finished form, including silver and nickel and mineral sands, will increase to 2.5 per cent. Royalties paid under State agreement acts, such as the Bauxite Agreement Act, are to be renegotiated in stages.

Increased charges are also announced for mineral leases and petroleum exploration and production licences.

ROUND UP

Australia's Peko-Wallsend has taken an 18-month option, a 50 per cent interest in the Molyhil tungsten mine and some adjacent exploration prospects in the Northern Territory. Peko has paid Petrocarb Exploration A$100,000 (£61,500) for the option and faces further expenditure of up to A$4.5m over four years if it decides to exercise the option.

* * *

The proposed reconstruction of Petroleum Securities Australia (PSA) will involve: the distribution of 4.43m Hartogen Energy shares to holders of PSA in the ratio of 82 Hartogen for every 300 PSA held the consolidation of PSA shares of 5 cents into shares of 20 cents; and a one-for-four issue of new PSA shares at a premium of A$7.80 (480p). Shares of PSA which has a 10 per cent stake in the Blina 1 oil discovery in the Canning Basin, jumped 65p to 365p in a thin market yesterday.

* * *

The UK Dundonian group's South West Consolidated Minerals which has Cornish tin and other mineral interests in the UK and overseas, has changed its name to Southwest Consolidated Resources.

SPAIN

October 13	Price %	+or−
Banco Bilbao	380	+4
Banco Central	347	+5
Banco Exterior	310	+5
Banco Hispano	320	–
Banco Ind. Cat.	118	
Banco Santander	384	+2
Banco Urquijo	242	−3
Banco Vizcaya	381	–
Banco Zaragoza	240	+5
Dragados	173	
Espanola Zinc	74	
Fecsa	70.5	+1.3
Gal. Preciados	51.5	
Hidrola	77	+0.5
Iberduero	57	
Petroleos	110	−0.2
Petroliber	83	
Sogefisa	51	
Telefonica	80	+1
Union Elect.	75	+1

BRIGGATE HSE. CARPETS

Leeds-based Briggate House Carpets, wishes to point out that it has no connection with Briggate House Carpets (South West) included under court winding up orders in the Financial Times of October 9 1981.

THE TRING HALL USM INDEX

112.0 (−1.2)

at close of business 13/10/81

BASE RATE 10/11/80 100

Tel: 01-248 5675

CORAL INDEX

Close 485-490 (−2)

OIL INDEX

December Refined $43.15

January Refined $43.60

Senior Engineering slides to £1.4m

POOR TRADING conditions caused a slump in first half taxable profits for 1981 at Senior Engineering from £3.03m to £1.38m. Turnover was lower at £31.84m compared with £39.12m.

The interim dividend is however, being maintained at 0.75p net per 10p share — on capital increased by 10.5m shares to raise £2.11m for the acquisition of Murray Tube Works. Last year a total distribution of 1.5p was paid on pre-tax profits of £5.09m and earnings per share of 6.85p. Earnings for the six months are given as 1.2p (2.57p) after tax and as 1.85p (4.07p) before tax.

Mr R. Smith, chairman of this engineering product trader, says there has been some recovery from the poor trading conditions but there is no sustained growth in demand and margins continue to be under severe pressure. Nevertheless, he says current indications are that the second six months will show an improvement over the first.

The improved results will partly be due to rationalisation carried out earlier. With constant review of the group's activities further rationalisation is taking place, Mr Smith adds.

On June 26 1981 the Murray Tube Works division of A. B. Murray Company Inc, a subsidiary of Tube Investments, was acquired for a cash consideration of U.S.$4.15m. The Murray Tube Works is situated in Elizabeth, New Jersey, and supplies manipulated tubing for marine, industrial and electric power generation boilers. Its business is complementary to that of Boiler Tube Company of America acquired in 1979.

Adjusted profits before tax of the Murray Tube for the year ended December 31 1980 are estimated at $870,000. The acquisition is on the basis of net tangible assets of the division at June 26 1981—including land, buildings and machinery at valuation—of $3.25m.

Interest charges absorbed £253,000 (£426,000) and tax is estimated to take £490,000 (£1.11m)—but is uncertain due to the influence of stock relief and other factors the directors say. After dividends of £636,000 (£557,000) the retained profits emerged at £254,000 (£1.36m).

● comment

The main reason for Senior Engineering's uninspiring result —profits before tax are less than half of the 1980 figure—is the state of the steel tube market in the UK. Aabout two-fifths of Senior's capital is tied up in tubes, where overcapacity has intensified competition; this activity cannot be contributing much. The same may well be true of the thermal products, hit by weak UK demand and — until lately—a strong pound. The worst may be past, particularly if the two recently acquired U.S. tube companies perform adequately in the remainder of the year. There could then be a welcome boost to profits when dollar profits are converted. But £3m for the year is probably all it is reasonable to expect. At 224p, the yield is just under 10 per cent, and a fully-taxed p/e of 13 is discounting a fair proportion of any recovery.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Brook Street Bureau of Mayfair, Empire, Stores (Bradford), Energy Services and Electronics, E. Fogarty, T. C. Harrison, Honda Motor, Ibstock Johnsen, Marshall's Universal, Securities Trust of Scotland, Steel Brothers, J. O. Walker.

Finals: Fairview Estates, Pochin's.

FUTURE DATES

Interims—	
Bulgin (A. F.)	Oct 19
City of Oxford Invest. Trust	Oct 21
H A T.	Nov 17
Lilley (F J C.)	Oct 20
New Throgmorton Trust	Oct 19
Scott and Robertson	Nov 10
Finals—	
Gleeson (M. J.) (Contractors)	Nov 19
Ramar Textiles	Oct 22
Spencer Gears	Oct 22
Union Carbide	Oct 28

Ash & Lacy in midterm fall to £908,000

IN A half-year described by the chairman of Ash and Lacy as one of the most difficult trading periods it has experienced, pre-tax profits of this perforated metal and steel cladding manufacturer fell to £908,000 against £1.41m.

However, improved earnings are expected in the second half, and the interim payout is maintained at 6p net per 25p share. Last year a total of 12.5p was paid from a taxable surplus of £2.64m.

Sales in the 26 weeks to July 3 1981 were down from £15.13m to £12.22m. Trading profits were £798,000 (£1.28m) after charging depreciation of £417,000 (£366,000).

Mr Fane Vernon, the chairman, views the performance as creditable in the circumstances.

In spite of the setback the group has more than held its own against competitors in its various markets, he says. "We are pursuing our policy of growth, both organic and by acquisition, and our capital expenditure programme is continuing to ensure that at all times we have the best and most up-to-date plant and equipment."

Over last December and January it acquired three galvanising businesses for purchase prices estimated at £420,000, £360,000 and £242,000. These are respectively Leech Brain and Co. (from Thos. W. Ward), Birmingham Galvanising Co., and Harvey Fabrication trading as London Galvanizers.

At Leech Brain in London, the chairman says plans are well advanced for a new plant and work is proceeding on another at Joseph Ash and Son in Birmingham, through which the last of the three purchases was made.

W. and S. Allely, the non-ferrous metals and stainless steel stockholding subsidiary, has opened a warehouse in Rochdale, while Ash and Lacy Perforators is continuing to install new machinery.

Mr Vernon describes the level of business in the present six months as "more encouraging."

Other income less interest payments amounted to £110,000 (£127,000). Full provisions for tax would be £472,000 against £732,000 and £1.13m for 1980 as a whole: the actual charge for the year to January 2 1981 was £297,000 calculated in compliance with SSAP 15, and no comparable figures have been given midterm.

● comment

Ash and Lacy's pre-tax profits have sunk by 35 per cent but the company appears well-equipped to last out the current doldrums in its major markets—specialised steel products. The company has disposed of its loss-making wholesaling arm, Andrew Charles, which has reduced sales by a fifth and allowed the group to concentrate on expanding its galvanizing operations in the south east. Net cash still stands at more than £2m and the group's appetite for further expansion remains keen. It also plans to pump some £1m into its new Leech Brain plant (galvanizing) in London. Stripping out interest income, the trend in trading profits has been downward for some time but the group appears to be improving its market share in the shrinking markets in which it operates. The company predicts a slight improvement in the second half which indicates full-year pre-tax profits in the region of £2m. On shares down 5p to 225p yesterday, this points to a prospective p/e of less than 10. A final dividend of 7p is likely which give the shares a prospective yield of about 8.5 per cent.

Assam Tea steeply into red

A STEEP PLUNGE into pre-tax losses of £398,097 was recorded by Assam Frontier Tea Holdings in the year to June 30 1981. Nonetheless, the dividend is maintained at 10p net per £1 share. In the previous year, the company had pre-tax profits of £1.63m.

The directors say they decided to maintain the dividend on the basis of the healthy state of the company's reserves, which stand at £2.15m. As a result of remittances from India, these include cash and investments in the UK valued at £1.24m.

Losses per share are given as 46.97p (29.56p earnings).

Turnover slipped from £9.37m to £7.8m. After tax of £116,619 (£1.19m) and minority credits of £89,643 (£143,911 debits) the attributable losses emerge at £425,073 (£294,327 profits).

Assam's ultimate holding company is Sime Darby.

More O'Ferrall down but payout higher

CONTINUED trading difficulties contributed to a setback in first-half taxable profits at More O'Ferrall up to June 30 1981. The pre-tax result of this outdoor advertiser was down from £1.83m to £1.47m. Turnover was reduced from £7.06m to £6.83m.

In the second half of this year the company expects an increased turnover in the UK and Mr E. R. More O'Ferrall, the chairman, believes steps taken in France and Belgium will improve profitability in those markets. "The results for the second half will, we expect, at least maintain the level achieved in the first half," he says.

The company is already receiving orders for the early part of next year.

"Profits in this half have been depressed by very difficult trading conditions in Belgium, the uncertainty in the French market and the continuing recession in the UK and Ireland," says the chairman.

He adds that at the end of June he predicted rising costs would affect profits. The company has suffered from the strength of sterling, which depressed overseas results. In the last full year, pre-tax profits were £3.68m on a turnover of £13.86m. The total dividend was effectively 3p.

The interim payment this time was 1.1p against an effective 0.83p, a 33 per cent increase. Earnings per share slipped to 4.6p (5.5p).

After tax of £700,000 (£909,000) and an extraordinary debit of £6,000 (credit £173,000) attributable earnings emerged at £751,000 (£1.08m). Associated company profits rose from £258,000 to £326,000.

Current cost pre-tax profits were £1.27m.

Rosehaugh steady near £3m

TAXABLE PROFITS of Rosehaugh Company, an investment holding company with subsidiaries in property and share trading, leasing of plant and equipment, all but held steady in the year to June 30 1981, at £2.93m compared with £3.02m.

However, after a tax credit, attributable profits were strongly up and stated earnings per 10p share rose from 37.53p to 50.86p. The year's single dividend is repeated at 2.1p net.

On turnover down to £15.56m against £19.72m, operating profits were £2.73m (£2.87m). The share of associated companies' profits brought in £203,000 (£147,000).

The tax credit of £859,000—reflecting stock appreciation relief arising in the year and the release of previous year tax provisions in respect of stock relief and tax deferred by capital allowances—compares with a charge of £736,000.

Minority interests were accorded £713,000 (£528,000), leaving attributable profits at £3.08m (£1.75m). Dividends absorbed £145,000 (£108,00).

John Finlan lifts interim by 100%

A 37 per cent rise in pre-tax profits and a doubled interim dividend are announced by builder and land developer John Finlan, for the first six months of 1981.

With turnover well ahead at £3.93m (£2.22m) taxable profits increased from £223,474 to £307,369. The interim dividend is lifted to 3p (1.5p) net per 10p share and it is expected that the final will be not less than the interim—the 1980 final was 2.5p.

Mr John Finlan, the chairman, reminds shareholders that the company has recently had discussions with certain parties, the outcome of which could possibly be of material interest to them.

Although as yet no firm base for an understanding of any sort has been reached, the board has allowed discussions to continue and intends to make a further announcement in the near future.

After tax of £115,803 (£116,206) the net surplus was up from £107,268 to £191,566. Stated earnings per share increased to 6.38p, compared with 3.58p.

The cost of the interim dividend has risen from £45,000 to £90,000.

Hunting Petroleum profit jumps 44% at six months

DESPITE A lower turnover of £70.26m, against £71.62m, pre-tax profits of Hunting Petroleum Services climbed by 44 per cent from £1.93m to £2.77m for the first half of 1981.

The company says the increase reflects the higher production and prices realised by its exploration subsidiary and an excellent performance by Hunting Drilling Services.

A satisfactory advance over 1980 is forecast, although exchange rates at the year end will inevitably affect the final outcome. Last year, pre-tax profits totalled £4.15m on turnover of £121.38m.

First half earnings per 25p share are stated up from £14.61p to 19.13p basic and from 12.92p to 16.92p fully diluted. The interim dividend is being raised from 2p to 2.25p net per share—the 1980 total payment was 6.5p.

Trading profits for the six months advanced from £1.84m to £2.7m, before associates share of £71,000 (£83,000). Tax took £857,000 (£381,000) and after minorities, the attributable surplus was ahead from £1.4m to £1.83m. The interim dividend absorbs £215,438 (£191,500).

Midland Mart static at midyear stage

Little changed for the six months to July 31 1981, pre-tax profits of Midland Mart Group, the livestock market operator, have been hit by higher operating costs and expenses.

However, Mr J. F. Watson, chairman, says a proportion of the increase in charges was due to the establishment of new activities, including stationary wholesaling, and these activities are expected to move into profit during the second half of the current year.

The first half taxable result turned in at £213,000. This compares with £209,000 for the corresponding period and £505,455 for the last full year.

Mr Watson reports that, despite difficult trading condition, throughput of livestock increased during the period under review. Also the estate agency and professional services division, which was substantially expanded last year by the acquisition of Charles R. Phillips, had a good half year.

Group earnings per 10p share are shown at 3.3p (3.5p) and the company is entering the interim dividend list with a payment of 1.25p net. Last year's distribution was 2.5p.

Turnover for the six months rose from £743,000 to £979,000. Operating costs and expenses took £749,000 (£540,000) and interest absorbed £17,000 (£9,000 received). There was no contribution from associates this time, against a £3,000 deficit in the first half of 1980.

After tax of £106,000 (£104,000), the attributable balance came through at £107,000 (same), from which the interim dividend took £40,000.

Poor contracts add to S. W. Farmer's heavy loss

THE POOR quality of some of its contracts has resulted in S. W. Farmer Group incurring a loss for the first time in many years. In the six months to June 30 1981, there was a pre-tax loss of £574,000. Turnover of this manufacturer of structural steelwork and platework was down from £773,000 compared with profits of £7.96m to £6.41m.

Mr Brian Farmer, the chairman, warned at the annual meeting in June that the group was experiencing the most difficult trading conditions it had ever known and that the first half news would not be good.

He now says that market conditions have been such that only a severely reduced volume has been available and in direct consequence "the quality of some of our contracts has been extremely poor."

The recession resulted in redundancies, and short-time working was brought in at the majority of its factories and offices for a period. Tremendous efforts have been made to sell worldwide in order to bring its order books to a satisfactory level, and this has now been achieved, he says.

The forward order position deteriorated in September 1980 and remained at an unacceptable level until May of this year when there was a noticeable upturn. The group now has a substatnial volume of profitable future business that has already been reflected in increased activity and turnover which will show itself during the second half of the current year and in the first half of 1982.

Despite the sales-led recovery, the general level of price in the market is still too low, says Mr Farmer, and this is causing considerable hardship in the structural and mechanical engineering sector.

Although the group is utilising its overdraft facility, he sees this lessening by the year-end. There are no other borrowings.

There was a tax credit in the first half of £402,000 against a charge of £298,000. The interim dividend is unchanged at 3.069p net—last year's total was 9.169p. The dividends absorb £77,000 (same), leaving a retained loss of £448,000 (£199,000 profit).

There was a loss of 14.69p (10.92p earnings) basic per 25p share.

Scholes looks to greater penetration of markets

THE RATIONALISATION and investment programme carried out during the last 12 months has strengthened George H. Scholes and Co. and the company looks forward to a greater penetration of home and export markets during the coming year, says Mr G. R. C. McDowell, the chairman.

Investment in new projects, plant and equipment will make Scholes more competitive and this, together with a wide range of products and expansion overseas, will enable the company to meet its long-term objectives, he tells members in his annual statement.

Last year the company, which manufactures electrical switch and fusegear, circuit breakers and accessories, had one of the most difficult trading periods in its history. But good results for the second half enabled it to meet its forecasts.

As reported September 17, pre-tax profits for the year to June 30, 1981 totalled £1.79m, against £2.48m, on sales some £1m lower at £14.86m. At half-time, however, the taxable figures had slumped from £1.03m to £390,000. The final dividend is being held at 12.52p for a net total of 16.52p (18.52p).

Current cost accounting reduces the year's pre-tax profits to £1.26m.

Historical group fixed assets fell slightly from £2.63m to £2.55m at the year-end and net current assets were little changed at £3.15m (£3.17m). Shareholders' interests improved from £5.41m to £5.6m.

The notes to the accounts show a compensation payment of £40,000 in respect of a former director. There was a further ex-gratia payment of £6,750 to a retired director.

Meeting, Manchester, November 11, at noon.

YEARLINGS ¾% LOWER

The coupon rate on this week's batch of local authority yearlings bonds is 15⅝ per cent against 16⅜ per cent last week. The bonds are issued at par.

PALMERSTON INVESTMENT

The open market valuation of Palmerston Investment Trust's properties at March 31 1981 was £2.86m freehold, and £427,538 leasehold.

The total valuation therefore, amounts to £3.29m which compares with the balance sheet book figure at that of £1.74m.

BIDS AND DEALS

Unigate buys fast food chain in U.S.

Unigate, one of Britain's leading dairy and grocery product groups, is expanding its presence in the U.S. with the acquisition of a restaurant and fast food chain for $32.5m (£17.4m).

Unigate—which signalled an increase in the group's American interests earlier this year—is acquiring Casa Bonita, a privately owned group formed in 1967, which operates 59 restaurants throughout Texas, Colorado, Oklahoma and Arkansas, specialising in Mexican food and pizzas.

At the backbone of the Casa Bonito group is the 47 strong chain of Tacho Bueno Mexican Home style fast food restaurants, scattered throughout the sun belt states of Texas, Oklahoma and Colorado.

Sales of Casa Bonito in its last financial year amounted to $40m with pre-tax profits of $5m and net taxed profits of $3m. The acquisition will add about 5 per cent to the net worth of the group's U.S. businesses. The group already has cheese manufacturing operations, and a Giltspur transport business in the U.S.

The acquisition will be financed in U.S. dollars through bank borrowings

Mr Daniel Hodson, Unigate finance director, said yesterday the group was looking for controlled expansion in the U.S. but it "was not looking at a large one slot movement."

The group was interested in increasing its earnings in the U.S. and had looked at a number of traditional business areas and the fast food business. Mr Hodson said the group was not going to pay "over the moon" for a business but was looking for a company with "good management, good growth potential and positive cash flow."

Casa Bonito was such a company, said Mr Hodson, and was found at the end of a "long list of opportunities looked at." He described the acquisition as an "exciting opportunity." He said it represented a big enough acquisition to make sense "but not too big to give us indigestion."

Mr Hodson said that any moves outside the group's basic business would be selective.

Unigate—which sold its 16 creameries to the Milk Marketing Board in August 1979 for £87m—has a policy of diversifying away from milk and basic foods. In December 1980 the group sold its French and Italian meat interests for £10m while a few days later announced the acquisition of Giltspur, the exhibition services freight and engineering group, for £25m.

UK expansion this year has totalled some £50m. The group invested £30m in its Wincanton subsidiary with special emphasis on its growing transport business. In August the group announced a £20m expansion on extending and improving the St Ivel dairy products plant at Wootton Basset in Wiltshire.

More recently the group announced on September 10 the planned closure of the Scot Meat plant at Bletchley because of mounting losses which were expected to reach £4.5m in 1981-82. Mr Hodson said yesterday that the closure—which involves the loss of 1,500 jobs—was going ahead. Negotiations were proceeding with the unions concerned, he added.

Unigate reported pre-tax profits down from £51.4m to £38.5m in the year ended March 31 1981.

See Lex

Ward White in talks with Hiltons board

The chairman and managing director of Ward White, the shoe manufacturer, met yesterday with directors of Hiltons Footwear to discuss the possibility of a takeover bid which Ward White is still considering.

Hiltons announced on September 28, before Ward indicated its interest, that it had agreed to recommend to its shareholders a merger with George Oliver (Footwear), another Leicestershirebased shoe retailer. Irrevocable undertakings to accept the merger have been received from 40.23 per cent of Hiltons' shareholders.

Welsh papers for Express group

MRS SALLY OPPENHEIM, Minister for Consumer Affairs, yesterday approved the proposed transfer of three newspapers owned by the South Wales Argus (Holdings) to Express Newspapers.

The Monopolies and Mergers Commission has concluded in its report, published yesterday, that the transfer may not be expected to operate against the public interest. Following receipt of the report the Secretary of State has given his formal consent to the transfer.

Express Newspapers, according to the report, was offering in its deal £8.50 nominal of Express Newspapers Limited unlisted secured loan stock for each share of South Wales Argus (Holdings) which values the whole of the South Wales Argus capital at approximately £4.51m.

Any consent by the Department of Trade to a newspaper deal is only usually given after an investigation by the Monopolies and Mergers Commission.

Haddon Rockers control bought by Randolph

MR DENYS RANDOLPH, former chairman of Wilkinson Sword and Wilkinson Match, has acquired a majority holding of the shares in Haddon Rockers, the rocking horse company, for an undisclosed sum.

Marsh and McLennan offer for Winchester

Marsh and McLennan Companies, the world's largest insurance broker, is acquiring the 60 per cent of the equity in Winchester Bowring, the Lloyd's broker with specialist reinsurance interests, which it does not already own. The terms of the Marsh offer place a value of £4.88m on the entire Winchester equity.

Winchester Bowring executives are unanimously recommending shareholders to accept the offer and have irrevocably undertaken to accept in respect of their own holdings amounting to 30 per cent of the issued share capital.

Bowring Insurance Holdings owned 40 per cent of Winchester Bowring, a private company, and Marsh is making an offer for the outstanding equity following its takeover of the C. T. Bowring group last year.

The terms of the offer are that Winchester shareholders will receive 1 4 95 of common stock in Marsh and McLennan for the equivalent of nine existing ordinary shares of Winchester.

Fractions of Marsh and McLennan shares will not be issued, but in lieu shareholders otherwise entitled to a fraction will be paid cash on the basis of a value of £19 per Marsh and McLennan share. If the offer becomes unconditional, a special interim dividend of 8p net per existing ordinary share of Winchester Bowring will be paid to shareholders on the register at November 4 1981.

Audited accounts for the eight months ending August 31 1981 show pre-tax profits for Winchester of £1.28m. These profits have been struck before certain non-recurring charges amounting to approximately £81,000 and after adjusting for a change in the basis of accounting for brokerage.

In the year ending December 31 1980 audited profits before tax amounted to £240,028 and the unaudited management accounts for the eight months ending August 31 1980 showed pre-tax profits of approximately £284,000.

Full acceptances of the offer will result in the issue of a maximum of 154,159 Marsh and McLennan shares.

LONDON TRADED OPTIONS

Oct. 13. Total Contracts 1,057. Calls 605. Puts 452

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	260	30	23	46	—	58	—	286p
BP (c)	280	14	33	32	2	40	2	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS 2981

A=Asked B=Bid C=Call P=Put

Imperial redeems £87.8m of BAT loan stock

BY DUNCAN CAMPBELL-SMITH

IMPERIAL GROUP, the tobacco, brewing and consumer products concern, has furthered its policy of concentrating its resources on trading activities by redeeming £87.8m of loan stock held in BAT Industries and disposing of ordinary and preferred stock positions in Molins, the cigarette paper manufacturer.

It acquired the 1980-84 BAT loan stock, which was unsecured and carried a variable rate, in exchange for its 50 per cent stake in Mardon Packaging International, which it sold to BAT in 1979. Mardon was set up by the two tobacco companies as equal shareholders in 1962.

Imperial's 6.92m ordinary shares in Molins represented 23.6 per cent of the total and have been sold for about £10m. Most were placed with institutions though 1.88m were sold to BAT. Imperial's 25 per cent stake in Molins' cumulative preferred stock, 225,000 shares, has also been sold to institutions.

The disposals follow the resignation in July of Mr Malcolm Anson as Imperial's chairman and the appointment in his place of Mr Geoffrey Kent. The company said yesterday that they had been "on the cards for some time" although the sale of the Molins stock had had to await an appropriate opportunity in view of its size. The sale would not affect the group's commercial relations with Molins.

Argyll Foods offer for Linfood Hlds clarified

N. M. Rothschild and Sons, the merchant bank advising Argyll Foods on its £87m offer for Linfood Holdings, the wholesale and retail grocery chain, issued a statement last night clarifying the terms of the Argyll offer for Linfood.

The statement was made at the suggestion of the Takeover Panel.

Rothschild said that "to avoid any possible misunderstanding on the point, the directors of Argyll Foods wish to make plain that shareholders of Linfood Holdings who accept Argyll's offer for their shares, will be entitled to retain the final dividend in respect of Linfood's year ending April 25 1981 of 6.5p per share. This final dividend recommended was announced by the board of Linfood on September 1 1981 and the shares of Linfood were marked ex-dividend on September 14 1981."

Mr John Gillum of Rothschild admitted last night that some of the technical terms of the offer, revealed last week and dismissed by Linfood as "unsolicited and unwelcome," were "a little ambiguous."

FIBRENYLE

Fibrenyle of Suffolk and Strongpac Enka PLM Vof of Dongen, Holland, yesterday announced Fibrenyle's purchase of Strongpac.

Strongpac has been manufacturing PET bottles in Corby and Fibrenyle intends to expand operations at Corby.

Fibrenyle is part of Mardon Packaging International, an operating group of BAT Industries.

LLOYDS & SCOTTISH

Lloyds and Scottish Finance has sold its 100 per cent holding in Systems Consultants (SCL), the computer consultancy and service company in Edinburgh and London. The shares have been bought back by an original founder of SCL — James McCready, the managing director.

The company has made consistent profits, with last year's turnover in excess of £1m and profits of more than £100,000.

A & G Security USM introduction delayed

THE ...INTRODUCTION of A and G Security Electronics to the unlisted securities market by broker Henry Cooke, Lumsden has been held up, like other USM candidates, by the general malaise of the Stock Market.

A and G, which is said to be the largest UK manufacturer of alarm control panels, was planning to come to the USM via a placing of up to 20 per cent of the equity to raise £800,000. All but £200,000 of this was to be collected by founder Mr Gerard McNamara.

The issue was timed for late September. The brokers had hoped to place the shares largely with its private clients but a sharp decline in market values on the so called "Black Monday" caused the placing to be withheld. It is Henry Cooke's intention to bring the issue back on line when the market looks more level.

CURRENCIES, MONEY and GOLD

Dollar firm

Dollar improved against major currencies despite the cuts in prime lending rates to 18 per cent from 19 per cent by many U.S. banks. The main factor supporting the dollar was the forecast by Dr Henry Kaufman, the Saloman Brothers economist, that U.S. interest rates would climb to record levels in six months after the present easier trend.

Sterling lost ground to the dollar, and may have received some support from the Bank of England in thin early trading. Following a recovery after lunch the pound retreated once again on dollar demand in early New York trading, but remained firmer on the day against European currencies. News of a cut in Barclays Bank and Lloyds Bank base lending rates came too late to influence the market.

European currencies weakened against the dollar, while the Danish krone joined the French franc at the top of the European Monetary System.

DOLLAR — trade-weighted index (Bank of England) rose to 107.1 from 106.2. The U.S. currency rose to DM 2.2210 from DM 2.1880 against the D-mark; to FFr 5.57 from FFr 5.4725 in terms of the French franc; to SwFr 1.8625 from SwFr 1.8325 against the Swiss franc; and to Y228.60 from Y227.50 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) fell to 88.2 from 88.5, after opening at 87.7 and rising to 88.3 at noon. The pound opened at $1.8555-1.8565, and fell to a low of $1.8475-1.8485, where the authorities may have intervened. In the early afternoon sterling touched a peak of $1.8790-1.8800, but declined to close at $1.8570-1.8580, a fall of 1.45 cents on the day. On the other hand the pound improved to DM 4.1275 from DM 4.0950; to FFr 10.3450 from FFr 10.24; and to SwFr3.46 from SwFr 3.43, but eased to Y424.50 from Y426.

D-MARK—No longer strongest member of the European Monetary System following the recent currency realignment. However the 5.5 per cent revaluation of the German unit has only reinforced market sentiment that the D-mark has been undervalued against its EMS partners for some time. The underlying strength of the D-mark has allowed the authorities to reduce the special Lombard rate by one point—The D-mark lost ground to most currencies at the Frankfurt fixing, as the dollar improved on slightly higher Eurodollar interest rates, and predictions of a further rise in U.S. interest rates by Dr Kaufman of Saloman Brothers. The Bundesbank did not intervene when the dollar was fixed at DM 2.2090 compared with DM 2.1834. In the late afternoon the U.S. currency was little changed at DM 2.2100. Sterling rose to DM 4.1240 from DM 4.1050 at the fixing, and the Swiss franc to DM 1.1965 from DM 1.1914. Within the EMS the French franc was unchanged at DM 39.88 per 100 francs, while the Dutch guilder rose to DM 90.66 per 100 guilders from DM 90.5550.

JAPANESE YEN—Fairly steady in recent weeks, after a gradual improvement from the weakness shown against the dollar around the middle of the year. High U.S. interest rates continue to support the dollar, but the underlying strength of the Japanese economy remains a significant factor—The yen eased against the dollar in quiet Tokyo trading, with the U.S. currency closing at Y228.00, compared with Y226.55 on Monday. It opened at Y228.00, and traded between Y227.50 and Y228.75.

THE DOLLAR SPOT AND FORWARD

Oct 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8475-1.8800	1.8570-1.8580	0.12-0.02c pm	0.45	0.07-0.17dis	−0.26
Ireland†	1.5930-1.6100	1.6040-1.6060	0.95-0.85c pm	6.72	1.95-1.75 pm	4.60
Canada	1.1950-1.1980	1.1973-1.1976	0.41-0.45c dis	−4.31	0.84-0.89dis	−2.89
Nethlnd.	2.4270-2.4480	2.4450-2.4490	0.55-0.45c pm	2.47	1.97-1.87 pm	3.16
Belgium	36.85-37.25	37.15-37.18	13-20c dis	−5.36	35-45 dis	−4.33
Denmark	7.0670-7.1400	7.0975-7.1025	0.90-1.15ore dis	−1.74	1.15-1.65dis	−0.78
W. Ger.	2.1980-2.2220	2.2205-2.2215	0.81-0.76pf pm	4.24	2.61-2.55 pm	4.65
Portugal	62.70-63.75	63.40-63.60	50-210c dis	−24.57	70-350 dis	−13.23
Spain	94.00-94.30	94.10-94.20	7-15c dis	−1.40	25-45 dis	−1.49
Italy	1174-1182	1177½-1178½	5-7lire dis	−6.12	17-20 dis	−6.29
Norway	5.7900-5.8330	5.8075-5.8175	0.90-0.80ore pm	1.45	3.00-2.60 pm	1.93
France	5.5300-5.5725	5.5675-5.5725	1½-2½c dis	−4.34	4-4½ dis	−3.16
Sweden	5.4450-5.4610	5.4450-5.4550	1.30-1.10ore pm	2.64	4.50-4.25 pm	3.27
Japan	228.00-228.75	228.55-228.65	1.75-1.60y pm	8.79	4.80-4.75 pm	8.44
Austria	15.40-15.48½	15.47¼-15.48¼	5½-4gro pm	3.89	12½-8½ pm	2.78
Switz.	1.8370-1.8650	1.8620-1.8630	0.82-0.72c pm	4.96	2.55-2.45 pm	5.37

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Oct 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8475-1.8800	1.8570-1.8580	0.12-0.02c pm	0.45	0.07-0.17dis	−0.26
Canada	2.2100-2.2500	2.2240-2.2250	0.65-0.75c dis	−3.78	1.60-1.80dis	−3.06
Nethlnd.	4.50-4.56	4.54¼-4.55¼	1½-½c pm	2.64	3½-2½ pm	2.75
Belgium	68.80-69.40	69.00-69.10	30-45c dis	−6.52	75-95 dis	−4.92
Denmark	13.12-13.27	13.25-13.26	½-1½ore dis	−1.02	2½-4 dis	−0.92
Ireland	1.1525-1.1660	1.1625-1.1645	0.53-0.65p dis	−6.08	1.30-1.51dis	−4.83
W. Ger.	4.07-4.14	4.12½-4.13½	1⅞-1⅝pf pm	4.72	4½-4⅛ pm	4.35
Portugal	116.00-119.00	117.75-118.25	80-510c dis	−30.00	125-795dis	−14.81
Spain	173.50-176.25	174.75-175.00	par-25c dis	−0.86	45-90 dis	−1.54
Italy	2170-2200	2193-2195	9-11lire dis	−5.47	33-38 dis	−6.47
Norway	10.70-10.87	10.82½-10.83½	2¼-1ore pm	1.80	5⅞-4⅞ pm	1.91
France	10.23½-10.35½	10.33-10.35	2-3c dis	−2.90	7-8½ dis	−3.00
Sweden	10.08-10.22	10.15½-10.16½	2⅞-1½ore pm	2.30	8⅞-7½ pm	3.00
Japan	420-428	424-425	3.40-3.10y pm	9.19	8.80-8.40 pm	8.10
Austria	28.60-28.85	28.75-28.85	12-7gro pm	3.98	21-11 pm	2.22
Swiwtz.	3.41-3.47	3.45½-3.46½	1⅝-1⅛c pm	4.77	4⅝-4⅛ pm	5.06

Belgian rate is for convertible francs. Financial franc 75.35-75.45. Six-month forward dollar 0.25-0.35c dis. 12-month 0.65-0.85c dis.

CURRENCY MOVEMENTS

Oct. 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	88.2	−35.4
U.S. dollar	107.1	+14
Canadian dollar	87.5	−17.0
Austrian schilling	119.3	+25.8
Belgian franc	107.5	+ 9.7
Danish kroner	89.7	− 7.9
Deutsche mark	124.0	+44.7
Swiss franc	148.9	+97.0
Guilder	115.1	+19.8
French franc	82.8	−12.9
Lira	56.5	−57.0
Yen	138.4	+33.5

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Oct. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	(u)	0.593029
U.S. $	14	(u)	1.11341
Canadian $	18.95	(u)	1.33164
Austria Sch	6¾	(u)	17.8519
Belgian F	13	(u)	40.9513
Danish K	11	(u)	7.82729
D mark	7½	(u)	2.43392
Guilder	9	(u)	2.68833
French Fr	9½	(u)	6.10150
Lira	19	(u)	1295.57
Yen	6¼	(u)	262.912
Norwgn. Kr.	9	(u)	6.39377
Spanish Pts.	8	(u)	103.436
Swedish Kr.	12	(u)	6.02133
Swiss Fr.	6	(u)	2.04255
Greek Dr'ch.	20½	(u)	61.3601

OTHER CURRENCIES

Oct. 13	£	$		£ Note Rates
Argentina Peso	11,170-11,190†	5960-5980†	Austria	28.75-29.05
Australia Dollar	1.6105-1.6145	0.8675-0.8680	Belgium	75.15-76.15
Brazil Cruzeiro	206.13-207.13	110.12-110.67	Denmark	13.16-13.33
Finland Markka	8.116-8.128	4.3600-4.3620	France	10.27-10.42
Greek Drachma	101.223-104.367	55.40-55.60	Germany	4.10½-4.15½
Hong Kong Dollar	11.16-11.18	6.0150-6.0250	Italy	2160-2230
Iran Rial	149.75*	78.50*	Japan	425-430
Kuwait Dinar (KD)	0.517-0.523	0.2808-0.2818	Netherlands	4.58½-4.57½
Luxembourg Fr.	69.00-69.10	37.16-37.18	Norway	10.81-10.93
Malaysia Dollar	4.24-4.25	2.2800-2.2820	Portugal	116-130
New Zealand Dlr.	2.2320-2.2370	1.2020-1.2030	Spain	172½-184½
Saudi Arab. Riyal	6.28-6.34	3.4100-3.4150	Sweden	10.13-10.23
Singapore Dollar	3.87-3.88	2.0790-2.0820	Switzerland	3.43-3.47
Sth. African Rand	1.7490-1.7510	0.9415-0.9425	United States	1.86-1.88
U.A.E. Dirham	6.76-6.82	3.6700-3.6750	Yugoslavia	80-84

† Rate given for Argentine is the commercial rate. The financial rate for sterling 14,930-14,950 and for the dollar 7,950-8,000. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	40.9513	+0.48	+0.46	±1.5368
Danish Krone	7.91117	7.82729	−1.06	−1.08	±1.6412
German D-Mark	2.40989	2.43392	+1.00	+0.98	±1.1077
French Franc	6.17443	6.10150	−1.18	−1.20	±1.3733
Dutch Guilder	2.66382	2.68833	+0.92	+0.90	±1.5063
Irish Punt	0.684452	0.686232	+0.26	+0.24	±1.6688
Italian Lira	1300.67	1295.57	−0.30	−0.39	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for October 12 .... 0.593029

EXCHANGE CROSS RATES

Oct. 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.858	4.128	424.5	10.345	3.460	4.550	2194.	2.225	69.05
U.S. Dollar	0.538	1.	2.222	228.5	5.569	1.863	2.450	1181.	1.198	37.17
Deutschemark	0.242	0.450	1.	102.8	2.506	0.838	1.102	531.6	0.539	16.73
Japanese Yen 1,000	2.556	4.376	9.723	1000.	24.37	8.151	10.72	5168.	5.240	162.7
French Franc 10	0.967	1.796	3.990	410.3	10.	3.345	4.398	2121.	2.150	66.75
Swiss Franc	0.289	0.537	1.193	122.7	2.990	1.	1.315	634.1	0.643	19.96
Dutch Guilder	0.220	0.408	0.907	93.30	2.274	0.760	1.	482.2	0.489	15.18
Italian Lira 1,000	0.456	0.847	1.881	193.5	4.715	1.577	2.074	1000.	1.014	31.47
Canadian Dollar	0.450	0.835	1.855	190.8	4.650	1.555	2.045	985.3	1.	31.04
Belgian Franc 100	1.448	2.690	5.978	614.8	14.98	5.011	6.589	3177.	3.222	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 13)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 3/4	offer 15 7/8	bid 15 7/8	offer 16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Oct. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15⅛-15¾	14¼-14½	20-21	12¾-13	8-8½	10⅞-11	17-18	15-18	12-16	6-6¼
7 days' notice	15¾ 15⅞	14½-14¾	20-21	12¾ 13	8-8½	10⅞-11	17-18	17¼-27½	15-25	6¼-6½
Month	15⅜-15½	14⅞-15⅛	18¾-19⅛	12½-12⅝	10⅛-10⅜	10⅝ 11⅛	18⅛-18¾	19¼-21½	19-21½	6⅝-6⅞
Three months	15¾-15⅞	15¾-16	18½-18⅞	12½ 12⅝	10⅛-10⅜	11⅛-11⅜	18½ 18¾	21½-23	20-21½	7⅛-7⅜
Six months	15⅞-15⅞	15⅞-16⅛	18½-18⅞	12¼-12⅝	10⅛-10⅜	11⅛ 11⅜	18¾-19¼	23-24	19-19¾	7⅝-7⅞
One Year	15½-15¾	15⅞-16⅛	18¼-18⅝	12⅛ 12⅜	9⅜-9½	10⅝-10⅞	18¾-19¼	22½-24	17⅛-18⅛	7⅞-8⅛

SDR linked deposits: one-month 13⅝-13¾ per cent; three-months 13⅞-14⅛ per cent; six-months 14-14⅛ per cent; one-year 14-14⅛ per cent.

ECU linked deposits: one-month 14⁵⁄₁₆-14¹¹⁄₁₆ per cent; three-months 14½-14⅞ per cent; six-months 14¹¹⁄₁₆-15⅛ per cent; one-year 14¾-15 per cent.

Asian $ (closing rates in Singapore): one-month 15-15⅛ per cent; three-months 15¹¹⁄₁₆-15⅞ per cent; six-months 15⅞-16 per cent; one-year 15¾-15⅞ per cent.

Long-term Euro-dollar two years 16-16⅛ per cent; three-years 16⅛-16⅜ per cent; four years 16⅛-16½ per cent; five years 16⅛-16⅜ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.60-14.70 per cent; three-months 15.30-15.40 per cent; six-months 15.40-15.50 per cent; one year 15.40-15.50 per cent.

MONEY MARKETS

Revised shortage

London clearing banks base lending rates 15½-16 per cent (since October 14)

The Bank of England's early forecast gave a shortage of £50m in the London money market yesterday. The main factors affecting the market were given as commercial bills maturing in official hands and a net take up of Treasury bills —£90m offset by Exchequer transactions +£35m. At noon the forecast was revised to a shortage of around £100m, but there was no assistance given by the authorities in the morning. At 2 pm the forecast was altered further to a shortage of £200m and the Bank gave assistance in the afternoon totalling £199m. In band 1 (up to 14 days) the Bank bought £39m of Treasury bills at 15-15¼ per cent, £8m of eligible bank bills at 15 per cent and £3m of local authority bills at 15 per cent.

In band 2 (14-33 days) the help comprised £28m of Treasury bills at 15¼ per cent, £25 of local authority bills at 15¼ per cent, and £61m of eligible bank bills at 15¼ per cent. In band 3 (34-63 days) the authorities bought £35m of eligible bank bills at 15¼ per cent. This was the first venture into band 3 since the new arrangements for monetary control introduced in August, but was seen as a technical move, reflecting shortage of paper in the shorter bands.

The decision by Barclay's Bank to cut its base lending rate to 15½ per cent from 16 per cent was announced rather late in the day. Such a move had seemed possible looking at current market rates whereby prime borrowers pay 17 per cent for funds on overdraft and interbank money is trading around 15⅞ per cent. In the interbank market yesterday overnight money ranged between 15 per cent and 17 per cent, while longer term rates were firmer by about one eighth of a point, reflecting to some extent expectations of higher U.S. interest rates.

In Paris the Bank of France lowered its 7-day Treasury bill discount rate by one point to 18.5 per cent from 19.5 per cent. Such a move had generally been expected by the market following Monday's cut in the Bank's money market intervention rate to 16½ per cent.

In New York most major banks cut prime rates to 18 per cent, while in the money market, the Federal Reserve Bank drained reserves by arranging two-day reverse repurchase agreements with Fed funds trading at 14¼ per cent.

In Amsterdam the Dutch central bank cut its surcharge on some borrowings to 1½ per cent from 2 per cent. The surcharge applies to advances made to commercial banks for amounts of up to a third above the normal daily quota. This reflects the general easing in interest rates in most European countries following a recent realignment of currencies within the European Monetary System.

MONEY RATES

NEW YORK	
Prime rate	18-19
Fed. funds	14½-14⅞
Treasury bills (13-week)	13.34
Treasury bills (26-week)	13.36
GERMANY	
Special Lombard	11.0
Overnight rate	11.05
One month	11.40
Three months	11.50
Six months	11.50
FRANCE	
Intervention rate	16.875
Overnight rate	17.25
One month	16.875
Three months	16.375
Six months	15.375
JAPAN	
Discount rate	6.25
Call (unconditional)	7.0625
Bill discount (three-month)	7.40625

GOLD

Further fall

Gold weakened in quiet London bullion trading, falling $5¼ to close at $442¼-$444¼. The metal opened at $443½-$444½ and was fixed at $443.90 in the morning and $443.25 in the afternoon. It touched a high point of $445-$446, and a low of $441-$442.

In Paris the 12½ kilo gold bar was fixed at FFr 84,990 per kilo ($477.84 per ounce) in the afternoon, compared with FFr 84,990 ($477.85) in the morning, and FFr 86,000 ($487.93) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,680 per kilo ($445.97 per ounce), against DM 31,730 ($452.00) previously, and closed at $442-$444, compared with $449-$451.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $443.75 per ounce, compared with $451.75.

In Zurich gold finished at $442-$445, against $449½-450½.

	Oct. 13		Oct. 12	
Gold Bullion (fine ounce)				
Close	$442¼-444¼	(£238¼-239¾)	$447½-449½	(£238-239)
Opening	$443½-444½	(£239¼-240¼)	$453¼-454¼	(£237¼-237¾)
Morning fixing	$443.90	(£237.761)	$451.60	(£238.879)
Afternoon fixing	$443.25	(£237.477)	$449.50	(£239.478)
Gold Coins				
Krugerrand	$456-457	(£245½-246)	$464-465	(£245½-246)
1/2 Krugerrand	$235-236	(£126½-127)	$238¾-239¾	(£126¼-126¾)
1/4 Krugerrand	$119½-120¾	(£64½-65)	$121¾-122¾	(£64½-65)
1/10 Krugerrand	$49.50	(£26½-27)	$49¾-50¾	(£26¼-26¾)
Mapleleaf	$456-459	(£245½-247¼)	$464-467	(£245½-247)
New Sovereigns	$107¾-108½	(£58-58½)	$109¼-110	(£57¾-58¼)
King Sovereigns	$122-124	(£65½-66½)	$123½-125½	(£65¾-66¾)
Victoria Sovs.	$122-124	(£65½-66½)	$123½-125½	(£65¾-66¾)
French 20s	$134-138	(£72-74¼)	$136-139	(£72-73½)
50 pesos Mexico	$549-552	(£295¾-297¼)	$557-560	(£294½-296)
100 Cor. Austria	$429-432	(£231-232¾)	$436-439	(£250½-232)
$20 Eagles	$595-600	(£320½-323¼)	$598-603	(£316¼-318¾)

LONDON MONEY RATES

Oct. 13 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ‡	Eligible Bank Bills ‡	Fine Trade Bills ‡
Overnight	—	15-17	15⅝-16¼	—	—	16¼-16	14½-16	—	—	—
2 days notice	—	—	15⅝-15¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15⅝-15⅞	15⅞	—	15⅞	16-16¼	15-15½	—	—	—
One month	15¾-15⅝	15⅞-15⅞	15⅞	16¼-16	15⅞	16⅛	15¼-15⅜	15⅝-15½	15⅛	16⅛
Two months	15¾-15⅝	15⅞ 15⅞	—	16¼-16	15⅞	16-16⅛	16⅛-15¼	15⅛	16⅛-15⅞	16¾
Three months	15¾-15⅝	15⅝-15⅞	15⅞	16¼-16	15¾	15⅞-16⅛	15	14⅞-15	15	15⅞
Six months	15⅝-15⅝	15⅝-15¾	15½	15¼-15	15⅝	16	—	—	14⅝-14⅞	15
Nine months	15⅝-15⅝	15⅛-15⅛	—	16¼-15⅝	15⅝	—	—	—	—	—
One year	15⅝ 15⅝	15⅛-15⅝	15¾	15⅜-15⅛	15½	—	—	—	—	—
Two years	—	—	15¾	—	—	—	—	—	—	—

Local authorities and finance seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15¾ per cent; four years 15¾ per cent; five-years 15¾ per cent. ‡Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞-15 per cent; four-month trade bills 15⅞ per cent.

Approximate selling rate for one-month Treasury bills 15⅛-15¼ per cent; two-months 15⅛ per cent; three-months 14⅞-14⅞ per cent. Approximate selling rate for one-month bank bills 15¼-15¹¹⁄₃₂ per cent; two-months 15⅜-15⅞ per cent; and three-months 14⅞-14⅞ per cent; one-month trade bills 16⅛ per cent; two-months 16⅛ per cent; three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from October 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14-14½ per cent. Clearing Bank Rates for lending 15½-16 per cent. Treasury Bills: Average tender rates of discount 14.8050 per cent.

IBM blames currency factors for sharp downturn

BY PAUL BETTS IN NEW YORK

INTERNATIONAL Business Machines, the world's largest computer company, reported yesterday a 21 per cent slump in third quarter earnings, marking the company's first year-to-year quarterly profit decline since the final quarter of 1979.

Although the earnings decline was widely expected, the drop was far larger than Wall Street had anticipated.

IBM's third quarter net profit dropped to $693m, or $1.18 a share, from $884m, or $1.51 a share, in the same period last year. This was well below Wall Street estimates of third quarter earnings of between $1.30 a share and $1.40 a share.

In response to the profit decline, IBM shares shed $1⅜ on the New York Stock Exchange by mid-session and were trading at $54.

The decline in third quarter earnings was largely the result of the continuing drag of unfavourable currency translations which have also hit the earnings of other major U.S. computer companies. Both Honeywell and NCR reported third quarter earnings declines on Monday. Other manufacturers, such as Burroughs, are not expected to fare much better.

Mr John Opel, IBM's president and chief executive, said yesterday that the strengthening of the dollar continued to have a major impact on IBM.

"While the translation of assets and liabilities recorded or denominated in currencies other than the U.S. dollar resulted in exchange gains, the translation of income and expenses has had a significantly adverse effect on financial results," he said.

He said it was impossible to quantify the effects of currency rate changes on operating results. But roughly speaking, the rate of growth in gross income for the first nine months would have been several percentage points higher if exchange rates were constant. Net earnings growth would have modestly increased.

In the first nine months of the year, IBM's net income dropped from $2.33bn to $2.23bn. Revenues rose from $18.4bn to $20.1bn.

Third quarter revenues rose to $6.7bn from $6.5bn. This included an increase in sales from $2.59bn to $2.8bn, a decline in rental revenues from $2.76bn to $2.62bn and an increase in service revenues from $1.1bn to $1.3bn.

Mr Opel also warned that should the dollar remain strong for the balance of the year, period-to-period comparisons could continue to suffer. But, he added, "the high levels and strong rates of growth in shipments of and incoming orders for data processing equipment have continued for the third quarter and the nine months period."

Three Eurodollar bonds floated

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

PRICES OF fixed interest Eurodollar bonds turned lower yesterday under the weight of a new issue programme that has now seen more than $1.3bn of bonds launched in the last 10 days.

But dealers said they viewed the ½ per cent drop in prices more as a consolidation of the market's recent advance than as a sign that the rally had come to an end. Interest rates were still headed lower, they said, citing yesterday's further cut to 18 per cent in the prime rate by leading U.S. banks.

Three more new issues were launched for a total value of $250m. British Columbia Hydro launched a $100m seven-year 16¼ per cent bond at par through Deutsche Bank. The bonds are guaranteed by the provincial Government, which is a rare borrower in the Euromarkets.

Mexico's state oil company, Pemex, is raising $75m over five years with a coupon of 17½ per cent. Issue price has been left open by the lead manager, Swiss Bank Corporation.

Banque Francaise du Commerce Exterieur floated a $75m five-year issue at 16 per cent and issue price of par through Credit Suisse First Boston. Each bond carries two warrants allowing holders to buy an additional 16 per cent of bonds due in 1986. If the warrants are fully exercised the issue would amount to $225m in all.

The weight of new issues and the weaker overall tone of the market prompted a more selective attitude on the part of investors, dealers said, with Ireland's latest $75m issue reported to be selling rather slowly last night.

In other new issue news, Bank of Montreal has launched a $100m 10-year floating rate note at a margin of ¼ per cent over six-month London interbank offered rate. The issue is led by Morgan Stanley and UBS (Securities), which have set a minimum coupon of 5¼ per cent.

The Austrian Kontrollbank is raising a DM 150m over 10 years at 10¼ per cent through Dresdner Bank, which has set an issue price of par. Prices of D-mark issues fell ¼ per cent, while Swiss franc bonds were little changed.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday November 11. Closing prices on October 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 15¼ 88	75	97	97½	−0¼	+1⅞	16.05
CIBC 16⅛ 91	100	99⅝	100	−0⅛	+1¼	16.80
CNA 15⅞ 86	75	91⅝	92⅛	−0⅛	+2⅛	16.72
CNE 12⅞ 91	100	81½	82⅛	−0¼	+1⅛	16.64
Citicorp Int. Fin. 15 86	150	96½	97	0	+1	15.96
Citicorp O/S 15⅝ 84	175	100	100½	−0⅛	+0⅜	15.26
Cities Service 17 88	150	103⅝	104⅛	0	+1⅛	15.95
Con. Illinois 14⅞ 84	100	97	97½	−0⅛	+1⅞	15.96
CPC Fin. 16⅜ 88	50	103⅜	103⅞	−0⅛	+2¼	15.69
EEC 14⅛ 93	65	91¼	91⅝	−0⅛	+2⅛	16.38
EIB 16½ 88	100	99⅛	99⅝	−0⅛	+1⅛	16.64
Fed. Bus. D. 15⅞ 84 (J)	40	99⅜	99⅞	−0⅛	+0⅜	15.81
Finland Rep. of 9½ 86	100	78⅜	78⅞	−0⅛	+1⅞	16.84
Ford Cr. O/S Fin. 16 84	150	99⅝	100⅛	0	+0⅞	15.88
Ford Cr. O/S Fin. 16 85	150	98⅝	99⅛	−0⅛	+1⅛	16.33
GMAC O/S Fin. 12⅞ 88	100	85⅝	86⅛	0	+1⅝	16.38
GMAC O/S Fin. 14⅞ 87	100	93½	94	−0⅛	+1⅛	16.46
Gulf States O/S 17½ 88	60	101⅞	102⅜	−0½	+2	17.01
Hiram Walker 16 88	50	98	98½	−0⅛	−0⅛	16.48
IBM Wld. Trade 14⅞ 84	100	101½	102	−0⅛	+1⅛	13.82
IBM Wld. Trade 14⅞ 85	60	100⅞	101⅜	−0⅛	+2	14.29
Nat. Bk. Canada 15⅞ 84	40	*97½	98	−0½	+0⅛	16.23
New Brunswick 17 88	60	102⅞	103⅜	−0½	+2⅛	16.27
Newfoundland 17⅛ 89	60	104⅛	104⅝	−0⅛	+2	16.22
Nova Scotia 15 91	75	93⅜	93⅞	−0½	+1⅛	16.30
Pacific Gas Elec. 16 88	75	100⅞	101⅜	0	+1	15.87
PSNH Int. Fin. 17 88	30	100½	100⅞	−0⅛	+1	16.82
Royal Bk. Canada 14 86	100	95⅜	95⅞	−0⅛	+1½	15.21
SNCF 13 91	75	†86	86⅛	+0⅛	+4⅛	15.87
Shell Canada 15⅝ 91	100	99⅝	100⅛	−0½	+2⅞	15.76
Sth. California 14 87	50	93⅞	94⅜	−0½	+1⅛	15.60
Sth. California 14⅞ 88	50	93⅞	94⅜	−0⅛	+1⅛	16.19
Swed. Ex. Credit 13 88	75	89⅜	89⅞	−0⅛	+2⅞	16.52
Swed. Ex. Cred. 15⅛ 86	50	97	97½	+0⅛	+2⅞	16.56
Tenneco Int. 17 89	100	102½	103	−0½	+2	16.35
Toronto-Dom. Bk. 14 84	50	95⅞	96⅜	−0½	+1⅛	15.86
Transcanada 17⅛ 88	75	104	104½	−0½	+2	16.65
Walt Disney 15⅞ 86	100	99⅝	100⅛	−0⅛	+2⅛	15.75
Wells Fargo Int. 15½ 84	50	100	100½	+0⅛	+1⅛	15.28
Winnipeg 17 88	50	100⅞	101⅜	−0⅛	+0⅛	16.65
World Bank 14⅝ 88	500	94⅛	94⅝	−0½	+2⅛	16.10
World Bank 16 86	210	99⅝	100⅛	−0½	+1⅛	15.94
World Bank 16 86	80	99⅜	99⅞	−0⅛	+1⅛	16.18
World Bank 16½ 88	130	100½	101	−0⅛	−0⅛	16.26
World Bank 16⅞ 88	100	99⅞	100⅛	−0⅛	−0⅛	16.46

Average price changes... On day −0⅛ on week +1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97⅞	98⅛	−0⅛	+0⅜	10.30
Austria Rep. of 9⅞ 92	150	87⅞	88⅛	−0⅛	+1⅛	10.11
CECA 7⅞ 92	150	†85½	86⅛	−1⅛	+0⅛	10.06
CECA 10 91	120	†100½	101⅛	−0⅛	−0⅛	9.83
CII-Honeywell 8⅞ 90	125	†87⅞	88½	+0⅛	+2	10.50
Council of Europe 10 91	100	99	99½	−0½	−0⅛	10.11
EIB 8½ 90	200	89½	90	−0⅛	+1⅛	10.30
EIB 10½ 91	200	†101⅛	102	0	+1	10.20
ESCOM 9⅞ 87	100	91⅛	91⅝	0	+0⅛	11.26
Finland Rep. of 10 88	100	97½	98	−0½	−0⅛	10.42
Iberduero SA 9 90	100	†91⅛	92	−0⅛	+1⅛	10.49
Ind. Bk. Finland 8½ 90	50	†89⅝	90½	0	+0⅜	10.22
Int.-Am. Dv. Bk. 10 91	100	†99⅝	100½	0	+0⅞	9.96
Japan Air Lines 8⅞ 87	100	92⅜	92⅞	0	+0⅛	9.78
Japan Dev. Bk. 7⅞ 87	100	89⅜	90⅛	−0⅜	−0⅛	9.94
Kobe, City of 8 90	100	90	90½	−0½	+0⅞	9.69
Midland Int. Fin. 8½ 90	180	91	91½	−0⅛	+1⅛	10.02
Nuclebras 9⅞ 88	100	†90⅛	91	0	+1⅛	11.80
OKB 8⅛ 92	150	†87⅞	88½	−0½	+1⅛	10.10
Oslo, City of 8⅞ 90	80	92⅛	92⅞	+0⅞	+1⅛	10.10
Renault Acc. 10⅛ 88	150	98⅞	99⅛	−0½	+0⅛	10.97
Venezuela R. of 9⅞ 90	150	93½	94⅛	+0⅛	−0⅛	10.84
World Bank 8 90	700	87½	88⅛	0	+1	10.16

Average price changes... On day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	92⅛	92½	−0⅛	+0⅞	7.65
BFCE 6½ 91	100	90⅝	91	+0⅛	+1⅛	7.91
Bayer Int. Fin. 6⅛ 92	100	†86½	87	−0⅞	+2½	7.03
Belgelectric Fin. 7⅜ 91	100	99⅜	100	−0⅞	+1	7.76
Bergen, City of 6⅞ 91	40	†96	97	0	+1⅛	7.26
CECA 6⅞ 91	80	94½	94⅞	+0⅛	+4⅛	7.55
Denmark 5⅞ 90	80	†85	86½	−0⅛	+3⅛	7.99
Dome Petroleum 5⅞ 91	100	89	89⅛	−0⅛	+1⅞	7.40
Dome Petroleum 7⅛ 90	100	101	101½	+0½	+1⅛	7.07
Elec. de France 6⅞ 90	100	86	86½	+0⅜	+2⅛	7.40
Eurofima 5⅞ 92	80	†88½	89	+0⅜	+0½	7.27
Finland, Rep. of 5½ 90	80	87⅛	87½	+0⅛	+1⅛	7.63
Fraed. Petroles 6½ 91	80	91⅛	91½	0	+1⅛	7.81
Genstar 7 91	100	100⅝	100½	−0⅛	+2½	6.94
Int. Amer. Dv. Bk. 7 91	100	95⅛	95⅞	+0⅛	+3⅛	7.69
Japan Dev. Bank 5⅞ 90	100	91½	92	−0⅛	+1⅛	7.60
Mt. Blanc Tunnel 5½ 90	60	84½	84⅞	0	+1⅛	7.98
Newag 5⅞ 90	80	90⅜	91	+0⅛	+4⅞	7.19
OKB 7 83	100	97⅛	97½	+0⅛	+2½	7.34
Oslo, City of 5⅞ 90	80	88⅛	88½	+0½	+2⅛	7.71
Philips Lamps 5⅞ 92	100	86⅝	87	−0⅛	+1⅛	7.02
Swed. Ex. Credit 7⅛ 91	75	94⅜	94⅞	−0⅛	+0⅛	8.09
Trade Dev. Fin. 8⅛ 90	50	87⅝	88	−1⅛	+2⅛	8.08
Voest-Alpine 5⅞ 90	80	85	85⅞	−0⅛	+1⅞	8.15
World Bank 6 91	100	†90	91	−0⅛	+4⅛	7.44
World Bank 7 90	100	96⅛	97	0	+0⅛	7.50

Average price changes... On day 0 on week +2⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅞ 91	15	96½	97⅛	0	0	8.71
Austraia 8⅞ 88	20	85⅜	86⅛	+0⅛	+0⅛	9.48
EIB 7⅞ 89	12	93⅝	94⅛	0	0	8.81
Finland 6.8 88	10	85⅛	86⅛	+0⅛	+0⅛	9.78
Finland, Rep. of 8⅛ 87	15	96	97	0	0	8.78
New Zealand 8⅛ 87	15	97⅛	98⅛	0	0	8.88

Average price changes... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	50	90	91	0	+0⅛	17.16
CIBC 14½ 85 C$	60	94	95	+0⅛	−0⅛	17.39
Federal Dev. 11½ 90 C$	80	†75	76	+0½	+1	17.05
Federal Dev. 17⅛ 86 C$	40	†99⅛	100½	−0⅛	+2½	17.78
Fst. Can. Inv. 10 84 C$	50	†86	88	+1⅛	+2	17.32
GMAC (Can.) 16 87 C$	80	†104½	105⅛	+1	+4⅛	16.80
Tordom Cpn. 13⅞ 85 C$	30	†92½	94⅛	+1	+1	15.72
M. Bk. Dnmk. 9 91 EUA	25	80	81⅛	−0⅛	−0⅛	12.47
SOFTE 8⅞ 89 EUA	40	74⅞	76	0	+0⅛	13.68
U. Bk. Nwy. 9½ 90 EUA	18	81½	82⅛	−0⅛	−0⅛	13.11
Algemene Bk. 10⅛ 86 Fl	60	93⅞	94⅛	−0⅛	0	12.01
Amro Bank 12 86 Fl	75	100	100½	−0⅛	0	11.89
Heineken NV 10 87 Fl	100	92⅛	92⅞	−0⅛	+0⅞	11.88
Nat. Nedrlndn. 10 88 Fl	80	94	94½	+0⅛	+0⅛	11.30
Ned. Midd. Bk. 10 85 Fl	75	95	95½	0	+0½	11.56
Pierson 10⅛ 86 Fl	50	93⅝	94½	−0⅛	+0⅛	12.09
Rabobank 12 86 Fl	50	100	100½	−0⅛	+0⅛	11.88
Air France 14½ 86 FFr	200	90⅞	91⅞	+0⅛	+0⅛	17.31
Bk. America 14½ 86 FFr	250	91	92	+0½	+1⅛	17.25
Charb'nages 13⅞ 85 FFr	400	89⅛	90⅛	+0⅛	+1½	17.33
EIB 14½ 88 FFr	300	85⅞	86⅛	−0⅛	+0⅞	18.06
La Redoute 14⅛ 85 FFr	125	88½	89½	+0⅛	+1⅛	18.28
OKB 14 86 FFr	400	90⅛	91⅛	+1⅞	+2⅛	17.06
Solvay et C. 14⅞ 86 FFr	200	89⅛	90⅛	+0⅛	+0⅛	18.08
Swed. E. Cr. 14⅝ 86 FFr	250	88⅛	89½	+1½	+1⅞	18.32
U. Mex. Sts. 14 85 FFr	150	90⅞	91⅞	−0⅛	+1⅛	17.29
Acona 14 85 £	20	89⅛	90⅜	−0⅛	+0⅛	17.46
Beneficial 14⅞ 90 £	20	81⅛	82⅛	−0⅛	+1⅛	18.49
BNP 13½ 91 £	15	83⅛	84	+0⅛	+1	17.10
CECA 13½ 88 £	20	84⅛	85⅛	0	+0⅛	17.27
Citicorp O/S 13½ 90 £	50	86½	87⅛	−0⅛	+1⅛	16.46
Fin. Ex. Cred. 13⅞ 86 £	15	89⅞	90⅜	−0⅛	+1⅛	16.94
Gen. Elec. Co. 12½ 89 £	50	85⅛	85⅞	+2⅛	+2⅛	15.91
Hiram Walker 14⅛ 86 £	25	91⅜	92⅜	+0⅛	+1⅛	16.83
Privatbanken 14½ 88 £	12	88⅛	89⅛	+0⅛	+0⅛	17.45
J. Rothschild 14⅛ 90 £	12	89	89⅞	−0⅛	+1⅛	16.59
Royal Trustco 14 86 £	12	91⅛	92½	−0½	+1⅛	16.58
Swed. Ex. Cr. 13⅞ 86 £	20	89⅜	90½	−0⅛	+0⅛	17.01
Akzo 9⅞ 87 LuxFr	500	84⅞	85⅞	0	+0⅞	12.88
Euratom 9⅞ 88 LuxFr	500	86½	87½	0	+0⅛	12.88
Eurofima 10½ 87 LuxFr	500	88⅛	89⅛	+0⅛	0	13.33
EIB 9⅞ 88 LuxFr	600	84	85	−0⅛	0	13.54
Volvo 9⅞ 87 LuxFr	500	84	85	+0⅛	0	13.62

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅛ 90	0⅛	99⅛	99⅝	18/12	16⅞	16.83
BBL Int. 5 86	0⅛	99⅝	100⅛	20/11	18.31	18.34
BNP 5½ 88	‡0⅛	99½	100	29/10	18.81	28.86
Christiana Bk. 5½ 91	‡0⅛	98⅞	99⅛	5/11	19.19	19.38
Co-Ban Eurofin 5½ 91	0⅛	98½	99	14/10	5½	5.57
Co-operative Bk. 5 86	0⅛	99⅛	99⅞	15/11	19.56	19.64
Den Norske Credit 6 90	‡0⅛	99⅛	99⅝	5/11	19.19	19.28
Genfinance 5⅛ 87	0⅛	99½	100	30/10	18.84	18.98
Genfinance 5⅛ 92	0⅛	99⅝	100⅛	30/12	18.31	18.34
Giro und Bank 5⅛ 91	‡0⅛	98⅝	99⅛	23/12	17½	17.63
GZB 5⅛ 92	‡0⅛	99	99½	5/12	17⅛	17.38
Ind. Bank Japan 5⅛ 88	0⅛	99⅝	100⅛	9/4	16⅛	16.65
Lloyds Eurofin 8 90 £	0⅛	96⅝	97⅛	6/1	13⅞	14.08
Lloyds Eurofin 5⅛ 92	0⅛	99	99½	4/12	17.44	17.57
Lloyds Eurofin 5⅛ 93	0⅛	98½	99⅛	28/10	5⅛	5.31
LTCB Japan 5⅛ 86	0⅛	99⅝	100⅛	13/12	17⅛	17.25
LTCB Japan 5½ 89	0⅛	99½	100	16/1	18.32	18.36
Man. Hanov. O/S 5⅛ 94	‡0⅛	99⅞	100⅜	30/11	19⅜	19.35
Midland Int. Fin. 5⅛ 92	0⅛	99⅜	99⅞	5/12	17⅜	17.44
Midland Int. Fin. 9 91	0⅛	98⅝	99⅛	30/10	16.81	17.00
Nacional Fin. 5½ 88	0⅛	97⅞	98⅜	25/3	17.31	17.84
Nat. Bk. Canada 5⅛ 88	0⅛	99½	100	24/3	17.31	17.36
Nat. West. 5⅛ 94	§0⅛	99	99½	14/10	16.19	16.31
Nat. West. Fin. 5⅛ 91	§0⅛	99⅛	99⅝	15/1	18⅛	18.19
Nat. West. Fin. 5⅛ 92	§0⅛	98⅞	99⅜	23/10	16.81	16.96
Pemex 6 91	0⅛	97⅝	98⅛	8/4	17	17.37
Pemex 5⅛ 88	0⅛	97⅞	98⅜	14/2	18.81	19.20
Sanwa Int. Fin. 5⅛ 88	0⅛	99⅛	99⅝	24/3	17⅛	17.34
Societe Generale 5⅛ 91	0⅛	98⅞	99⅜	22/1	18⅜	18.79
Sparebanken 6 87	0⅛	98½	99	19/12	16.81	17.03
Svenska Hndlsbk. 5 87	0⅛	100	100½	16/1	18⅛	18.08

Average price changes.. On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	87⅛	88⅝	−0⅛	1.03
Bow Valley Inv. 8 95	4/81	23.12	93	94½	0	32.80
Canon 6⅞ 95	1/81	829	136	138	−0⅞	3.87
Daiwa Secs. 5½ 96	12/81	539	82½	84	+0⅛	−1.13
Fujitsu 4½ 96	10/81	6770	97⅞	99⅛	−0⅛	12.05
Furukawa Elec. 5⅛ 96	7/81	300	108⅛	109⅛	−0⅛	−0.91
Hanson O/S Fin. 9½ 96	8/81	2.74	85½	86½	−1½	−1.72
Hitachi Cred. Cpn. 5 96	7/81	1986	85½	87⅛	−1⅛	15.02
Inchcape 8 95	2/81	4.55	59	60½	−1⅛	17.48
Kawasaki 5⅛ 96	9/81	229	91⅛	93½	−0½	2.81
Marui 6 96	7/81	931	88⅞	90⅛	+1⅛	2.29
Matsushita El. 7½ 95	11/80	590	81	82½	0	1.83
Minolta Camera 5 96	10/81	909	81½	83	+0½	4.81
Murata 5⅛ 96	7/81	2190	86⅛	88⅛	−0⅛	9.15
NKK 6½ 96	7/81	188	103⅛	104⅛	−0⅛	12.51
Nippon Chemi-C. 5 91	10/87	919	78	80	−0⅛	−4.95
Ricoh 6⅞ 95	8/80	604	123⅞	125⅞	−3⅛	−3.54
Sanyo Electric 5 96	10/81	652	89	90½	−1⅛	11.14
Sumitomo Met. 5⅛ 96	10/81	305	86	87½	−0⅛	2.43
Swiss Bk. Cpn. 6⅞ 90	9/80	200	70⅛	72⅛	+0⅛	9.84
Taylor Woodrow 8⅛ 90	1/81	4.94	75½	76⅛	−2⅛	−2.88
Transco Int. 8⅞ 95	2/81	88	75	76½	−1⅛	21.20
Tricorp 8½ 95	12/80	31.25	69½	71	+0⅛	19.47
Union Bk. Switz. 5 89	2/80	70.79	75½	77½	0	2.04
Sharp Cpn. 6½ 88 DM	9/80	591.8	187	188	+1½	−2.17
Uny Co. 6½ 85 DM	11/79	679.3	101	102	−0½	0.27

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Merrill Lynch's earnings fall 29%

By David Lascelles in New York

MERRILL LYNCH, in many ways the envy of those many segments of corporate America which want to get into the financial services business, showed yesterday that being the largest stockbroker in the U.S. can have its "downs" as well as its "ups."

Although revenues rose by nearly a half to more than $1bn in the third quarter from a year earlier, net earnings fell by 29 per cent from $49.6m, or $1.36 a share, to $35.1m, or 88 cents a share.

Merrill blamed the fall on a number of factors, including the recent slump in trading on the stock market, the volatility of interest rates, and the effect of inflation on its costs. Commission revenues fell by more than a fifth to $217m. Revenues from equity trading were also down, though Merrill managed to increase revenues from bond trading.

Merrill's international banking group, which is based in London, was also said to have achieved "a marked turnaround." The group lost two of its top officers at the beginning of this year after a much-publicised dispute with head office.

The slump in the housing market is taking its toll on Merrill's diversification into real estate brokerage and finance. These operations are under "severe pressure," it said. Earlier this month, Merrill decided to sell its mortgage insurance subsidiary, AMIC.

Mr Roger Birk, the chairman, put an optimistic gloss on these results, however. "In an extremely mixed and volatile environment," he said, "our results were relatively strong by historic standards even though below recent peak levels."

First Chicago continues its profit recovery

By Our Financial Staff

FIRST CHICAGO Corporation, parent for the ninth largest bank in the U.S., has reported a sharp improvement in earnings from the third quarter of 1980, a period when the group felt the brunt of the restructuring operation undertaken by newly installed management.

Net earnings, after securities transactions for the latest period were $32.63m compared with the $10.42m last time, or 81 cents a share against 26 cents.

First Chicago said interest income for the quarter was a record, while non-interest income was $28.1m higher at $78.7m because of foreign exchange trading profits, higher fees and a 26 cents a share gain from the sale of a venture capital investment.

However, its non-interest expenses grew by 20.8 per cent and there was a further $5.7m charge from the sale of non-performing assets.

Credit losses for the quarter were lower at $20m against $25.5m, although unchanged from the second quarter, while net charges for loans were down from the heavy $46.1m of 1980 to $13.5m for the latest quarter.

The company expects further earnings gains.

After nine months net profits were $30m higher at $80.2m, or $2.01 a share against $1.27.

● Mellon National, the largest bank in Pittsburgh and the 16th largest in the U.S., saw third quarter earnings little changed at $28.9m against $28.1m, or $1.47 a share compared with $1.43.

After nine months, however, profits were down to $78.5m from $82m. The company said that the latest nine-month result included a $7.5m loss from the sale of securities and a $12.7m charge to reflect the lower value of mortgages held.

U.S. QUARTERLIES

AKZONA	1981	1980
Third quarter	$	$
Revenue	288.2m	237.2m
Net profits	4.95m	3.92m†
Net per share	0.40	0.32†
Nine months		
Revenue	911.1m	774.8m
Net profits	12.46m	2.84m
Net per share	1.02	0.23

†Loss

COLT INDUSTRIES	1981	1980
Third quarter	$	$
Revenue	538.8m	473.3m
Net profits	27.9m	13.12m
Net per share	2.02	0.97
Nine months		
Revenue	1.73bn	1.61bn
Net profits	86.77m	70.75m
Net per share	6.53	5.36

CONSOLIDATED PAPERS	1981	1980
Third quarter	$	$
Revenue	133.3m	124.4m
Net profits	12.04m	12.19m
Net per share	1.11	1.14
Nine months		
Revenue	405.7m	374m
Net profits	40.99m	38.34m
Net per share	3.79	3.58

MEAD CORPORATION	1981	1980
Third quarter	$	$
Revenue	760.4m	692.1m
Net profits	22.49m	32.48m
Net per share	0.83	1.19
Nine months		
Revenue	2.19bn	2.02bn
Net profits	82.24m	99.66m
Net per share	3.37	3.66

REAGAN APPROVES CONTINENTAL DEAL

Texas Air cleared for takeover

BY IAN HARGREAVES IN NEW YORK

EIGHT MONTHS after launching its bid, Texas International Airlines has at last won clearance from the U.S. authorities to take over Continental Air Lines of Los Angeles, a carrier three times the bidder's size.

President Ronald Reagan's decision, late on Monday, to let the deal go through was the final step. So, it might reasonably be thought, it is time for sighs of relief all round and another appropriate moment to eulogise the daring young Mr Frank Lorenzo, Texas International's 41-year-old chairman who, having failed in bolder attempts to stalk National Air Lines and Trans World Airlines, at last has a stag's head to hang over his fireplace.

But for once, the talk in the airline industry about Mr Lorenzo is not envious. Indeed, many think he has made the biggest blunder of his career.

The doubters' case rests on four premises,

● Texas, bidding against Western Air Lines, paid too much for the 50.3 per cent of Continental it owns. The price was $13 to $14 per share, at a time when Continental stock was selling for $10 to $11. In August, Continental shares slumped to $7.50 and were only a $9 yesterday. This precludes Mr Lorenzo from repeating his manoeuvre on the National bid, when he sold out at a handsome profit.

● Continental's employees dislike Mr Lorenzo and his company so strongly that they were prepared, until the banks withdrew their backing, to mortgage their futures in a risky plan to make Continental the biggest employee-owned company in the U.S.

● Continental, which incurred a $34.7m loss on sales of $496m in the first half of this year—and which recently had to offer all its aircraft as collateral in order to keep its bankers happy—is in trouble anyway.

● Airline mergers, since the industry became deregulated in the U.S. are a dangerous waste of time, because all that is acquired are routes which any other competitor can now march into and aircraft, which in the current depressed market are difficult to sell at a reasonable price. Pan American, which beat Texas out of the bidding for National, has regretted it ever since, having been driven to the edge of bankruptcy by its problems since the merger.

In addition to these rather general points, there are also some uncomfortable specifics, the most unpleasant being the suicide in August of Mr Alvin Feldman, Continental's chairman.

It is not only that this event cast a tragic and sombre shadow over the battle by Texas International to undermine Mr Feldman's plan for employee control, but because in the estimation of many Mr Feldman, who had only been with Continental for little more than a year, was the company's best asset. In May, one airline executive discussing the alleged overvaluation of Continental by Texas, said: "Lorenzo's put a valuation on Al Feldman of $93m," the price Texas paid for its stake, much of it with expensive borrowed money.

Texas International Airlines still has high hopes for its takeover of Continental Air Lines despite industry concern about the problems facing the new grouping

According to Value Line, the investment analysis company, the immediate effect of the takeover will be a $1.75 per share charge to Texas International's earnings in the next quarter as it absorbs its equity share in Continental's losses. That, however, is better than the $5.25 per share charge Value Line thought a sellout of the Continental stock would cost Texas.

There is also much concern about the combined level of of debt of the two companies. Mr Feldman was fond of quoting an analysis which put the debt to equity ratio of the combined companies at 82 to 18, outrageous, even for an airline. The facts are that Texas ended its first quarter in March with $302m of long-term debt and capital lease obligations against equity of $95m. Continental capital lease obligationsu ETET ended its second quarter in June with debt and lease obligations of $402m, very close to double the year earlier figure, against equity fo $156m.

It is hardly surprising in these circumstances that there have been many rumours in the last few months that Mr Lorenzo was looking for a way out of his bargain. Some have speculated that even at this 11th hour, he might sell to the Continental employees, if they were able to get some financial backing to float their plan again.

In Houston yesterday, however, Texas said it would immediately re-activate its attempts to calle a special shareholders' meting to get its own people on the board of Continental and would start working at soon as possible with Continental management to focus on the task of restoring the Los Angeles carrier to profitability.

Mr John Carlson, a vice-president of the airline, said that Continental was still attractive now the for the reasons it looked attractive to Texas in February.

The plan is to use Texas's short-distance services within the state of Texas and into neighbouring Mexico and New Mexico, for example, to feed into the longer haul routes which Continental has to Hawaii, Japan and Australia, not to mention its long-haul connections within the U.S.

"We have a small and very efficient regional airline, but we fly mainly from small cities into large cities," said Mr Carlson. "For example, we have four flights every day from Mexico into Los Angeles. A lot of those passengers are going on to Hawaii, so we feed them on to other airlines. United and American Airlines take 80 per cent of them and Western and Continental the rest. Continental is flying DC-10s to Hawaii one third full. Now we can start feeding our passengers into Continental."

Texas also likes the hub structure which Mr Feldman developed at Continental, based on Denver and Houston, where Continental is about to start using a new terminal right alongside Texas. In spite of this proximity, the two carriers have hardly any overlapping routes.

But a similar case was, of course, made for the Pan Am-National merger. The difference, says Mr Carlson, is that Texas will not even try to do what Pan Am did by fully merging the operations of its new acquisition. "They spent months trying to macth up staff seniority lists. We won't do that," he says. Texas does not even plan to repaint the Continental aeroplanes.

As for the labour and morale issue, Mr Carlson believes it has been overstated, having been fanned initially by stories put about by Continental management that the Texas takeover would mean selling half the fleet, halving employment and moving headquarters from Los Angeles to Houston.

There will, he says, have to be some top management changes at Continental, but he believes Continental staff will settle for the kind of conventional employee stock participation plan Texas already runs for its own employees. On the union issue, he points out that with only 50 per cent of its staff unionised, Continental has a lower level of union membership than Texas International, the main operating subsidiary of Texas Air, which has 85 per cent of its staff in unions.

A lot of this may turn out to be too optimistic, but certainly Mr Lorenzo ought to be believed when he argues in favour of fairly autonomous operating structures.

When he decided to take his company into a new geographic area last year— the north east corridor centred on New York —he did not expand Texas International, but set up a new, non-union airline, New York Air, which is still losing money, but which has made a good initial impression

Indeed, the holding company approach is central to the Lorenzo strategy. He hopes to run three quite different airlines — Continental, Texas International and New York Air —sitting at the centre, concentrating upon financial management, which is both his background and his forte.

Allegheny bids for Sunbeam

BY OUR NEW YORK STAFF

ALLEGHENY International, the Pittsburgh industrial group whose subsidiaries include Wilkinson Match of the UK, yesterday emerged as a white knight in the bidding for Sunbeam, the large Chicago-based maker of electrical appliances.

Allegheny announced an offer of $38 a share for about half of Sunbeam's outstanding stock, topping the $36 a share offered by IC Industries, the Chicago railroad and industrial products group. The remaining shares are to be exchanged for Allegheny securities with a similar value.

Sunbeam, which had rejected IC's bid as inadequate, accepted Allegheny's and agreed to be merged with an Allegheny subsidiary.

The Allegheny offer fulfilled widespread expectations on Wall Street that Sunbeam would find a counterbidder.

Great Western in the black

By Our Financial Staff

GREAT WESTERN Financial, the second largest U.S. savings and loan group, was in the black for its third quarter but only after including $11.2m of special gains.

Net earnings were $2.36m compared with $7.88m last time.

Italian oil groups face L2,000bn losses for the year

BY JAMES BUXTON IN ROME

OIL COMPANIES operating in Italy suffered losses totalling L1,400bn ($1.2bn) in the first nine months of this year and the deficit for the whole year is likely to reach L2,000bn, according to Sig Achille Albonetti, newly appointed chairman of Unione Petrolifera, the oil industry association.

The main cause of the losses is the refusal of successive governments to allow adequate increases in the price of petroleum products to reflect the effect of the rise of the dollar against the Lira on the cost of imported oil. The Government has not applied sufficiently promptly the formula for product prices agreed with the oil companies two years ago.

The petrol price was last raised in July. Unione Petrolifera now says that a rise per litre of L35 to L40, bringing the price of a litre of super grade petrol to L965-970, is necessary. But the Government is anxious to stave off the oil companies for as long as possible in order to reduce inflationary expectations and limit increases in wages, which are indexed to the inflation rate. The oil companies want the Government to introduce a system of surveyed rather than controlled prices

The effect of the present pricing situation is to increase the share of Italian oil purchases, and thus the share of the losses that must be shouldered by the state oil company, ENI. ENI's share of Italian oil purchases was 53.6 per cent in the first eight months of this year, against 40.5 per cent in 1979.

Of the 1,400bn of losses sustained by the industry so far this year, about L450bn is attributable to the private sector. The private sector's share of the distribution market has fallen to about 50 per cent from 80 per cent in 1973.

AGIP, the oil producing and marketing subsidiary of ENI, suffered a loss of L125bn on all its operations in the first six months of this year, against a profit of L122bn for the whole of 1980. This was partly the result of domestic product pricing policy.

Esso Italy losses totalled L20bn in the first seven months of this year. The company is less seriously affected than some other concerns because of its access to cheaper Saudi Arabian crude.

William Dullforce looks at a major problem facing Norway's new Government

Storting tackles its Reksten heritage

NORWAY'S new Conservative Government has to make some early and tricky decisions about the future of the Guarantee Institute for Ships and Drilling Rigs (GI), the Reksten shipping group and Hambros Bank.

These three are entangled in a situation which has become politically sensitive, legally delicate and could entail considerable financial loss for the Norwegian state.

The nub of the matter is that the late Bergen shipowner, Mr Hilmar Rekstem, failed to disclose the existence of considerable assets he held outside Norway when in 1976 his tanker fleet was rescued by credit guarantees advanced by the state-backed GI.

Hambros Bank helped to negotiate the original deal between the Rekstem companies and the GI, and in 1978 led a group of 29 banks which lent $161.5m to the Rekstem companies under GI guarantee.

Official receivers acting for the Rekstem estate unveiled the existence of the foreign assets and started legal action to recover them, Hambros, acting on behalf of the Rekstem family paid $41.8m to the receivers in May this year.

The issue has aroused strong public concern in Norway and has been thoroughly ventilated in the mdia. Public interest has been fanned by the publication last month of a new book recounting the career of Hilmar Rekstem and the nexus of events involving the GI, the Government, the Rekstem family, other shipowners and Hambros, which has produced the situation calling for action by the new Government.

Hilmar Rekstem died last year at the age of 82 after being acquitted by a Bergen court in 1979 of all the major charges of tax fraud and currency violations filed by the public prosecutor. At the time of his trial the assets held by his "phantom" companies abroad had not come to light.

After the payment to the official receivers in May, the board of the GI suspended its managing director, Mr Haakon Nygaard. At the same time the boards of the Rekstem companies, Hadrian and Trajan, at the prompting of the GI, terminated the contracts with the company of Mr Johan Rekstem, Hilmar Rekstem's adopted son, for the management of their ships.

Mr Johan Rekstem was investigated by the public prosecutor in connection with the guarantees of NKr 865m ($150m) the GI had given to the Rekstem companies. Mr Rekstem denied the allegations and was released from custody when a magistrates' court in Bergen found there was no prima facie case against him.

The Government, at the instigation of the Storting (Parliament), has appointed a three-man commission of inquiry to investigate "all significant circumstances" relating to the Norwegian authorities' dealings with the Rekstem group.

The commission, chaired by a judge and with an industrialist and a shipping executive as members, has a wide brief. Its meetings will generally be held in camera, it can question witnesses "according to court rules of evidence" and public officials may be freed of their confidentiality obligations when being questioned.

The GI itself sought legal opinions from two leading Norwegian advocates as to whether its lack of knowledge of the existence of Rekstem's foreign assets at the time it granted credit guarantees to his companies affected its commitments to the banks which had made the $161.5m loans.

One of the lawyers from whom advice was sought, Mr Ole Lund, has also been commissioned by the GI to negotiate with Hambros about the loans on the Rekstem ships which will shortly fall due for payment. A settlement prolonging the loans or some of them, possibly with a different sharing of the risks, might be in prospect.

On this point, though, the attitude of the incoming Conservative Government, led by Mr Kaare Willoch, will be decisive. The decision on the Rekstem loans is tied up with the larger decision about the future of the GI. There was a strong opinion in the last Storting in favour of closing it down.

The GI was formed in 1975 to aid Norwegian ship and rig owners hit by the shipping slump and to prevent them from having to sell off valuable vessels. It was a joint effort by the Government, banks, ship and rig owners with the Government subscribing the majority of its capital. The Storting authorised the GI to guarantee loans up to a limit of NKr 4bn.

The GI has succeeded in its purpose towards the offshore rigs and most of the bulk carriers it took on to its books. The recovery of the rig market has enabled owners to repay or re-negotiate loans and lift the GI guarantees.

The problem remains the large oil tankers, the VLCCs, where there is still heavy overcapacity in the world. The GI has issued credit guarantees covering 23 such tankers, 12 of which belong to the Rekstem companies, Hadrian and Trajan. The other 11 are divided among four companies.

At the end of 1980 the GI's liability under the guarantees issued amounted to NKr 2.8bn, of which only NKr 1.3bn was secured by the estimated value of the vessels. Some of the loans are partly covered by "counter guarantees" arranged by the shipowners with banks and other financial institutions, but at the end of the year the GI reported that the Norwegian Government had NKr 799m at potential risk.

That sum has since grown with the further decline in tanker prices and the risk has become more immediate, as all the loans will fall due for repayment or renegotiation by March next year. The new estimate of the potential state loss reported to the Government this summer has not been revealed, but Norwegian newspaper reports have put it at between NKr 1.2bn and NKr 1.5bn.

The GI has been trying to make arrangements to minimise the losses and to present a reasonable plan to the Government. It could entail writing off the older tankers and renewing guarantees on the newer vessels which might be operated at profit in, say, four or five years. Nine of the 23 tankers were built before 1972.

For three of the tankers, owned by the Biørnstad Company, the GI recently managed to negotiate a deal under which the Bergensen Shipping Company took a 51 per cent share in them and the GI extended its guarantee to Biørnstad for the remaining 49 per cent stock.

The GI's plans for handling the loans on the other 20 tankers requires the co-operation of the banks. It also has to convince the Government and the Storting that losses can be reduced by prolonging the guarantees. One way of achieving this would be for the banks to shoulder more of the risk.

Hambros is directly responsible for only $5m of the $161.5m loan to the Rekstem companies. The GI certainly wants Hambros to take on greater responsibility.

Mr Kaare Willoch

Montedison's store chain expects profit

By Our Rome Staff

STANDA, the Italian stores chain 73 per cent controlled by the Montedison Chemicals group, hopes to make a small profit this year for the first time since 1974. The turnround is attributed to better management and to the closure of some of its loss-making stores.

Standa is also to sell its 50 per cent stake in the Fiorucci fashion stores concern for about L2bn ($1.72m) to Benetton, the fast-growing private Italian clothing manufacturer which has 1,700 shops in Italy and abroad. Fiorucci has an annual turnover of approximately L50bn, while that of Benetton is in the region of L300bn.

Standa expects to achieve sales of about L1,500bn by the end of this year and to achieve positive cash flow of between L20bn and L25bn.

The improvement at Standa's follows a drastic shake-up of the group, which was over-represented in the less prosperous south of the country. Thirty stores have been shut this year and 2,000 out of a staff of 19,000 laid off. A more rational approach to stock control has brought about a faster turnover of goods, with an improvement of 38 per cent in the textile sector and of 30 per cent in other areas.

Bergen Bank surplus down at eight months

By Fay Gjester in Oslo

BERGEN BANK, Norway's third largest commercial bank, saw profits slip in the first eight months of 1981, compared with a year earlier, mainly because of a fall in net interest earnings. Results are expected to improve in the last four months of the year, however, and the bank expects to be able to pay a "fairly good" dividend for 1981. In 1980, shareholders received 12 per cent, 2 per cent more than a year earlier.

Operating profits in the eight months, before taxes and provisions for bad debts, reached NKr 80m ($13.8m), down by NKr 54m on the January to August period of last year. Total assets had risen to NKr 19.9bn by the end of August—up 27 per cent from a year earlier.

The eight month report says Bergen Bank's foreign currency operations have expanded significantly as a result of its involvement with offshore oil and this has made it more vulnerable to developments on the international money market. High dollar interest rates have hit profitability so far this year, but are expected to fall in the final four months.

Lesieur sees upturn

Lesieur, the vegetable oil group, says that a marked improvement in its Spanish operations should increase net earnings this year by 20 per cent to between FFr 120m and FFr 125m ($22.7m). In 1980 earnings totalled FFr 103.5m, writes our Financial Staff.

Electrolux in FAR rescue deal

BY TERRY DODSWORTH IN PARIS

A RESCUE attempt is being made by Electrolux, the Swedish household equipment group, for Fonderies et Ateliers du Rhone (FAR), the struggling subsidiary of SEV, France's largest vehicle electrics company.

Primarily known for its vacuum cleaners and floor polishers, FAR was put into the hands of a commercial court in July after collapsing financially. At that time SEV made it clear that it was not prepared to invest more in this sector and began looking round for a partner which would be willing to take over FAR. Because of the slump in consumer demand and FAR's limited 10 per cent share of the French market, SEV said that the company needed to be integrated with a larger partner to survive.

FAR's problems illustrate the difficulties of the French household equipment sector over the past two years. The market leader, Moulinex, has also been affected by the slump in demand.

SEV said yesterday that the agreement with Electrolux should allow the company, based at Lyon with a workforce of 220, to maintain the maximum employment, while retaining its Paris-Rhone brand name.

● Cables de Lyon, the cables subsidiary of the French CGE electrical group, has increased its stake in Chester Cable of the U.S. from a minority to a majority position.

No figure has been given for the deal. Chester Cable, with a turnover of around $30m, employs about 300 manufacturing electrical cables for the electronics industry. The agreement follows the recent acquisition by CIT-Alcatel, another CGE subsidiary, of 25 per cent in Lynch Systems, the U.S. telecommunications group.

Cardo interim boosted by increased sales of seeds

BY WESTERLY CHRISTNER IN STOCKHOLM

CARDO, THE Swedish agricultural and biotechnology group which is to issue shares to foreign investors, reports pretax profits of SKr 217m ($40m) for the first eight months of 1981.

In the previous 12 months profits totalled SKr 279m. But Cardo changed its accounting year in 1980, and it stresses that, as a result, comparisons between the two sets of figures are misleading.

Cardo is at present in the process of issuing about 5 per cent of its capital to foreign investors. The new "free" shares will be placed at between SKr 320 and SKr 365 each, according to Mr Per Lindblad, the managing director. Mr Lindblad expects to pay a dividend for 1981 of SKr 7.50 a share.

For the eight months the Hilleshög seed company involved in biotechnology turned in earnings after financial items of SKr 122m with strong growth coming from increased sugar beet seed sales on the European market. The sugar company had earnings of SKr 94m, while the Weibull seed group reported earnings of SKr 34m.

The new shares to be issued will be placed with Hambros Bank, which will sell them to a number of financial institutions, mostly in the UK. If the issue is a success the company would expect some shares to be placed on the U.S. market.

After the issue about 10 per cent of Cardo's shares will be held by foreign investors. The funding will also reinforce group resources and "pave the way" for Cardo to form joint ventures with foreign companies.

Van Ommeren doubles stake in Dock Express

By Charles Batchelor in Amsterdam

VAN OMMEREN, the Dutch shipping and transport group has doubled its holding in the specialised heavy cargo shipping company, Dock Express Shipping, to 45 per cent. No financial details were given.

Van Ommeren, which first took a stake in Dock Express last year has an option to acquire a majority holding. It said yesterday, however, that it had no immediate plans to do so.

The remaining shares are held by Rijn-Schelde Verolme, the Dutch shipbuilding company, and the Van der Laan family.

Dock Express has a fleet of three heavy-load vessels of 13,000 dwt each and has plans to order a fourth. It specialises in moving pre-fabricated industrial plant, dredging equipment and drilling platforms.

Pernod acquisition

AUSTIN NICHOLS, the U.S. subsidiary of the Pernod Ricard group of France, has bought the soft drink business of the Spanish company, Gesfor, for an undisclosed amount, AP-DJ reports from Paris. The agreement involves the sale of the Orangina trade mark in many parts of the world.

Setback at International Paper

BY PAUL BETTS IN NEW YORK

INTERNATIONAL PAPER, the largest U.S. paper company, has reported lower third quarter earnings, largely because of its depressed wood products business.

Net income in the third quarter was $54m on sales of $1.27bn compared to earnings of $70.7m on sales of $1.26bn in the same period a year ago.

Nine-months' earnings increased to $285.4m on sales of $3.96bn from earnings of $236.7m on sales of $76bn last year.

But the 1981 nine-months' earnings included a $65m gain from land sales and charges of $8m following the phasing out of unprofitable product lines, against a $10.4m gain from land sales a year earlier.

Guthrie to open up palm oil estate in Sri Lanka

BY WONG SULONG IN KUALA LUMPUR

GUTHRIE CORPORATION, the large UK incorporated plantation group, now under Malaysian control, has signed an agreement with the Sri Lankan authorities under which it will invest U.S.$50m to open up a 24,000 acre palm oil estate on the island.

Under the deal with the Mahaveli River Development Authority, Guthrie will open up 12,000 acres directly under its control over the next five years, in the North Central Province. The other 12,000 acres will be developed by Sri Lankan smallholders, with technical aid from Guthrie.

The project has been approved by the Sri Lankan Government as a free trade zone enterprise, giving it such incentives as a seven-year tax holiday and a lower rate of income tax.

The scheme will be under the supervision of Guthrie's consultancy arm, Guthrie International Plantation Services, which will be responsible for field operations, technical support, services, and training.

Mr Gamini Dissanayke, the Minister of Lands and Mahaveli Development, said the palm oil project was the first step towards the transformation of agriculture in the country's dry zones in the north, and eastern parts of the island.

The Mahaveli Development Authority is manager of an ambitious U.S.$2bn project aided by the World Bank to harness the Mahaveli river to irrigate 1m acres in Sri Lanka's dry provinces, and to double the island's hydro electric output by 1986.

Permodalan Nasional, the Malaysian Government investment agency, last month won control of Guthrie in a dramatic raid on the London stock market, and is now offering £9.01 per share to Guthrie's minority shareholders.

Hong Kong development options fall in value

By Kevin Rafferty in Hong Kong

VALUES of Letters B—certificates of entitlement to land in Hong Kong—have fallen by as much as 40 per cent in recent months. Analysts estimate that the total value of Letters B outstanding may have fallen to HK$10bn (U.S.$1.6bn) today from HK$15bn six months ago.

Letters B are options issued to leaseholders instead of cash when the Hong Kong Government takes back land in the New Territories for development. They can be used to gain prior entitlement when land is then resold by the Government. The mechanism involved in setting the value of the Letters is complicated, and older Letters B are worth more than newer ones in the secondary market

But their values have been generally falling. Letters B dated 1964 have fallen from values of over HK$2,000 a square foot to around HK$1,150 last month. In one case Letters B have traded as low as HK$106 a square foot, which is only just higher than the alternative cash compensation for land of only HK$103 a square foot.

Most property companies keep a good stock of Letters B and mix letters of different vintages at auctions. The steep fall in the values of the documents could create difficulties for some smaller companies, which bought their Letters when the market was high. Larger companies traditionally maintain lower debt levels, and normally put up Letters B as collateral for loans at no more than 50 per cent of their market value.

Prices of Letters B are behaving in a more volatile way than land prices, though these too have softened.

The new Financial Secretary, Mr John Bremridge, is keen to discourage property speculation. But though he has pushed interest rates to a record 20 per cent, his room for manoeuvre is limited.

Liquidity of Singapore banks tightens

By Our Financial Staff

TOTAL ASSETS and liabilities of Singapore banks rose by 33.6 per cent in the year to August to S$39.9bn (US$19m). Bank loans and advances including financing bills increased by 30.8 per cent to S$23.8bn with loans and advances alone up 41.5 per cent to S$19.9bn.

Deposits of non-bank customers were up by 23.6 per cent to S$17.6bn. The growth of deposits has continued to slow while the rate of increase of loans and advances including bills financing has risen steadily. This has tightened liquidity and forced banks to raise interest rates to record levels.

The big four local banks recently raised their prime rate by ¼ percentage point to a 14.25 to 14.5 per cent range compared to an average of 13.15 per cent in April and the prime and money market rates are expected to continue to rise until the end of the year.

● Holders of 97.1 per cent of Hume Industries Far East had accepted the takeover offer of S$6.10 (US$2.92) per share from Hong Leong Holdings by October 10, Georgie Lee reports from Singapore.

Subsidiaries for Makita in Austria and Brazil

NAGOYA — Makita Electric Works has set up subsidiaries in both Austria and Brazil for the sale of electric power tools.

Japan's leading manufacturer of power tools for wood working has established a wholly-owned subsidiary in Vienna Makita Werkzeug capitalised at Y493m ($2.2m). The company expects annual sales of Y1.5bn.

Makita do Brasil Ferramentas Electricas, based in Sao Paulo, is capitalised at Y68m. It is 55 per cent owned by Makita and 45 per cent by Toyoda Tsusho Kaisha, a Toyota-affiliated trading house. The company, which also will assemble power tools, expects sales of Y360m annually.

● Tokyo Urban Development Company has set up a joint venture with Hilton International, a division of Hilton Hotels of the U.S.

As a first step the Japanese company will commission the operation a 1,000-room hotel to be built by the end of 1983 in Shinjuku, Tokyo, to Hilton International.

Tokyo Urban Development, itself a joint venture of the Tokyo Metropolitan Government and 11 life insurance companies and commercial banks, has established a joint company, Nippon Hilton Company, with Hilton International, to promote the project.

Nippon Hilton, capitalised at Y200m, is 40 per cent owned by Hilton International and 60 per cent by Tokyo Urban Development.

The company also intends to operate hotels in Osaka, Kobe, Nagoya and Kyoto.

Kyodo

Mitsubishi Electric U.S. plan

TOKYO—Mitsubishi Electric Corporation plans to build a factory in Los Angeles next year at a cost of U.S.$9m to produce colour television sets with large screens.

The factory will have an initial capacity of 2,500 sets a month, and will fully replace the present exports to the U.S. of the system composed of a TV tuner, a video-projector, and a 50-inch screen. Capacity is expected to triple in three years, Mitsubishi said.

Reuter

Foreign banks in Japan suffer setback in profits

BY RICHARD C. HANSON IN TOKYO

FOREIGN BANKS in Japan suffered a drop of 50 per cent in operating profit during the second quarter of this year, compared with the second quarter of 1980, according to a survey by IBI, a private research company.

The fall comes on the heels of an increase of 21 per cent in the first quarter. The survey, covering 30 bank branches, indicates a sudden turnround from the profitable times enjoyed in 1980.

The banks blame the downturn on increased competition and a squeeze on lending spreads, as well as higher funding costs and the adverse effects of an easing of restrictions on Japanese bank lending.

IBI says the drop in earnings suggests that foreign banks rates of return on assets this year have fallen back to the low levels experienced during 1979's deep slump. In 1980 the rate is estimated to have recovered to 0.57 per cent from 0.21 per cent in 1979.

The survey found that growth rates in the period from April to June for both total loans and impact loans (foreign currency loans) were down substantially from the levels experienced in early 1980, when Japanese banks were still under lending constraints.

Spreads (the margin of profit over lending costs) on yen loans were stable during the quarter, but foreign currency loans saw spreads squeezed considerably, with most at 0.5 per cent to 0.75 per cent and the indications are that spreads may have deteriorated further in the July-September quarter.

WORLD STOCK MARKETS

Wall Street 2.76 lower at 1pm

STOCKS TURNED lower at midsession on Wall Street as concerns about lower third-quarter earnings, particularly among multinationals, cancelled out any boost the market may have received from a drop in the prime rate.

By 1 pm, the Dow Jones Industrial Average was down 2.76 to 866.72. Declines narrowly edged out advances as volume increased to 28.86m shares, against 21.47m at 1 pm on Monday. The NYSE All Common Index was off 0.07 at $70.14.

The prediction by Mr Henry Kaufman, the Salomon Brothers economist, that interest rates will rise to record highs in six months also overwhelmed the cut in prime rate from 19 per cent to 18 per cent.

The market's decline accelerated after IBM announced a decline in its third-quarter earnings to $1.18 a share against $1.51 last year.

The company attributed the fall to the negative impact of foreign currency translations. Analysts said the strong dollar will have the same effect on other companies with large overseas operations.

IBM dropped 1¼ to $54½ in active trading, also lower in the Blue Chip category was Polaroid, ⅞ to $20⅞, Xerox, 1¼ to $40⅞, Allied 1¼ to $42 and Du Pont ½ to $38¼.

Sunbeam was the most active stock, up 5⅛ to $35⅞ with about 972,000 shares traded. The company agreed to merge with Allegheny for $38 a share.

Allegheny was off 2¼ to $37⅞ and IC Industries, which is making a competing bid for Sunbeam of $36 a share, rose 1¼.

Grumman dropped one to $34½ in active trading. It is fighting off a takeover bid by LTV.

THE AMERICAN SE Market Value Index was 0.36 lower at 313.06 at 1 pm. Volume totalled 2.92m shares (1.9m).

Closing prices for North America were not available for this edition.

Canada

Stock prices fell in light trading with the Toronto Composite Index off 9.8 to 1,941.5 at midsession.

Eleven of the 14 indices declined, led by Oil and Gas, off 37.7 to 3,687.1, Golds, down 36.3 to 3,699.1, and Metals, which fell 32 to 1,929.5.

Germany

Leading shares rallied in late trading after an easier opening to erase losses, with dealers reporting sporadic late buying interest.

Reflecting earlier trading, when prices were depressed by the dollar's firmer tone and slide in Domestic Bond prices, the Commerzbank Index was down 2.40 at 700.10.

Banks rebounded sharply during the session, with Deutsche finishing at DM 280, just DM 1 down on the previous close and DM 2 above the opening, while Commerzbank was DM 2.30 up at DM 133.80 and Dresdner DM 1.50 at DM 139.50.

In Electricals AEG remained softer, down DM 1 at DM 48.50. Preussag continued to fluctuate widely to close DM 0.70 down at DM 206.30 after an opening DM 204.

In Autos, VW finished DM 0.80 down at DM 130, Daimler DM 1.50 up at DM 342.50 and BMW DM 1.50 higher at DM 181.50. In Chemicals BASF was DM 1.60 up at DM 137.80 and in Engineerings, Linde gained DM 4 to DM 329.

Switzerland

Prices closed lower after profit-taking in Banks turned opening gains into losses and dampened sentiment in other sectors of the market.

The weaker tone on Wall Street may have triggered the changeof Bourse climate here, while the dollar's rise against the Swiss franc and higher Eurodollar rates kept investors away from the market, dealers said.

Paribas (Suisse) was among the few higher priced banking shares, trading at SwFr 448 after Monday's SwFr 445.

Paris

Share prices closed easier in quiet trading with no apparent explanation for the falls.

Hopes are thin that the Government's nationalisation plans, on which parliament began a two-week debate yesterday, will be significantly altered.

Banks were mixed but Paribas fell slightly after a Government spokesman said it is opposing the takeover bid for the bank's Swiss subsidiary.

Electrical Equipment and Chemicals were also mixed and Rubber stocks rose.

All other sectors fell.

Tokyo

Share prices fell slightly in thin trading with many investors holding off because of the high level of margin buying.

The Nikkei Dow Market Average lost 4.63 to 7,583.17 on volume of 280m shares. The Tokyo Stock Exchange index dipped 0.78 to 560.46. Many Blue Chips fell on light selling.

Heavy Electric Machines, Steels, Light Electricals, Autos and other Populars were lower, but Drugs, Constructions, Shippings and Clothings were higher.

Hitachi lost Y10 to Y708, Toshiba Y8 to Y400, Sony Y70 to Y4,260, Matsushita Electric Y30 to Y1,350, Nippon Electric Y10 to Y680, Honda Motor Y18 to Y862, Nippon Steel Y1 to Y198 and Toray Y4 to Y384.

Clothings rose on light foreign purchases with Renown up Y24 to Y791 and Kashiyama Y25 to Y770. Some Blue Chips with large assets were also favoured with Tokyo Marine up Y11 to Y490 and Nipon Yusen Y8 to Y348.

Major gainers included Asahi Glass up Y34 to Y605, Dowa Mining Y23 to Y396, Yoshitomi Pharmaceutical Y10 to Y620 and Hasegawa Komuten Y5 to Y5[illegible].

The second market closed firmer.

Hong Kong

Stocks closed lower under pressure of profit taking, but trading was quiet with buyers generally sidelined.

The Hang Seng Index fell 22.24 to 1,312.97 after Monday's gain of 32.79.

The market softened on the diminished prospect of a cut in local prime rate in the face of the weakness of the HK dollar.

Trading was light with a lack of institutional activity.

Cheung Kong finished 80c down at HK$21.70, Hong Kong Bank lost 30c to HK$14.10, as did Jardine Matheson and Hutchison Whampoa, which ended at HK$15.10 and HK$16.60 respectively.

However, Swire Pacific "A" rose HK$2 to HK$13, while Hong Kong Wharf was 5c higher at HK$5.75.

Australia

Stocks involved in the Canning Basin oil search rushed to the foreground as rumours of impending good news from the Blina No. 2 well hit the floor near the close of trading.

Petroleum Securities led the way with a A$1 rise to A$5.90, while partner, Vamgas added 80c to A$11.20. Other stocks involved in the area also posted good gains.

Blina 2 is an appraisal well for the Blina 1 well which flowed oil at the rate of 905 barrels a day in May.

However, overall trading was quiet with a weaker bias as the easing trend in U.S. interest rates and the Middle East situation lost most of their impact.

The All Ordinaries Index fell 2.2 to 594.8.

Johannesburg

Golds closed easier but off their day's lows as the bullion price tended slightly firmer in Europe. Industrials continued quietly firm.

Heavyweight Gold Producers were generally 50 or 100 cents easier although President Brand shed 200c at R58.00.

Indices

NEW YORK —DOW JONES

	Oct. 12	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	1981 High	1981 Low	Since Cm'pil't. High	Since Cm'pil't. Low
♦Industr'ls	869.48	875.00	878.14	868.72	856.26	858.87	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	57.06	56.56	55.98	56.16	56.78	56.70	65.78 (15/1)	54.59 (1/10)	—	—
Transport..	371.88	371.22	375.07	372.21	367.05	368.58	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	104.05	104.16	104.27	104.46	103.19	105.04	117.81 (5/1)	101.28 (28/9)	163.32 (20/4/65)	10.5 (28/4/42)
TradingVol 000-†	58,930	50,060	47,310	50,030	45,800	51,290	—	—	—	—

♦Day's high 877.76 low 862.25.

	Oct. 9	Oct. 2	Sept. 25	Year ago (approx)
Ind. div. yield %	6.30	6.34	6.68	5.66

STANDARD AND POORS

	Oct. 12	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls ...	135.64	135.97	137.02	135.81	133.72	133.85	157.02 (6/1)	128.48 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	121.21	121.45	122.31	121.31	119.59	119.51	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.40 (1/6/32)

	Oct. 7	Sept. 30	Sept. 23	Year ago (approx)
Ind. div. yield %	5.27	6.50	5.52	4.42
Ind. P/E Ratio	8.29	7.94	7.90	9.12
Long Gov. Bond yield	14.10	15.08	14.30	11.48

NY. S.E. ALL COMMON

Oct. 12	Oct. 9	Oct. 8	Oct. 7	1981 High	1981 Low
70.21	70.32	70.74	70.13	79.14 (6/1)	64.96 (25/9)

Rises and Falls	Oct. 10	Oct. 9	Oct. 8
Issues Traded...	1,833	1,873	1,850
Rises	740	774	1,046
Falls	695	765	444
Unchanged	394	334	360
New Highs	18	24	21
New Lows	11	19	16

MONTREAL

	Oct. 12	Oct. 9	Oct. 8	Oct. 7	1981 High	1981 Low
Industrials	(c)	330.35	332.95	330.35	409.86 (27/5)	310.21 (25/9)
Combined	(c)	311.84	312.69	310.24	375.28 (15/8)	285.97 (25/9)
TORONTO Composite	(c)	1951.3	1956.31	1936.7	2570.8 (10/4)	1812.48 (25/9)

	Oct. 13	Oct. 12	Oct. 9	Oct. 8	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	594.8	597.0	592.1	585.2	737.3 (6/4)	565.5 (28/9)
Metal & Minrls (1/1/80)	(u)	(u)	481.7	474.8	735.2 (7/1)	483.0 (28/9)
AUSTRIA Credit Aktien (2/1/62)	55.54	54.53	54.57	54.60	86.45 (5/1)	53.64 (13/10)
BELGIUM Belgian SE (31/12/63)	72.84	72.14	72.00	71.45	88.15 (17/2)	69.58 (18/6)
DENMARK Copenhagen SE (1/1/73)	115.63	115.82	114.25	115.89	119.00 (25/8)	95.88 (2/1)
FRANCE CAC General (29/12/61)	95.5	95.5	93.10	92.2	112.5 (17/5)	77.3 (15/6)
Ind Tendance (31/12/80)	100.0	101.0	101.10	100.3	108.3 (10/8)	79.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	228.28	229.54	231.14	228.45	248.47 (3/7)	216.88 (9/2)
Commerzbank (Dec 1953)	700.1	702.5	709.40	698.5	749.0 (3/7)	668.4 (16/2)
HOLLAND ANP-CBS General (1970)	83.5	84.3	84.7	84.6	96.8 (20/8)	78.5 (28/9)
ANP-CBS Indust (1970)	65.7	65.8	66.1	65.7	76.4 (22/6)	62.0 (28/9)
HONG KONG Hang Seng Bank (31/7/64)	1312.97	1335.21	1302.4	1268.52	1810.20 (17/7)	1113.77 (5/10)
ITALY Banca Comm Ital (1972)	182.70	186.91	192.89	195.00	292.03 (8/6)	166.44 (24/7)
JAPAN** Dow Average (16/5/49)	7583.17	7587.8	7516.2	7522.51	8019.14 (17/8)	6956.52 (13/5)
Tokyo New SE (4/1/68)	560.46	561.24	558.0	555.14	603.92 (17/8)	495.79 (5/1)
NORWAY Oslo SE (1/1/72)	127.80	128.96	129.18	128.72	145.72 (6/8)	110.34 (3/6)
SINGAPORE Straits Times (1966)	650.76	646.10	635.28	(c)	873.26 (26/6)	616.26 (1/9)
SOUTH AFRICA Gold (1958)	(u)	725.6	727.2	717.0	797.6 (7/1)	473.6 (8/7)
Industrial (1958)	(u)	698.4	697.0	691.5	691.9 (25/9)	587.2 (6/2)
SPAIN Madrid SE (30/12/80)	153.12	(c)	152.76	150.50	146.15 (8/9)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	561.62	565.98	563.72	555.05	660.31 (10/8)	404.17 (20/1)
SWITZERLAND SwissBankCpn. (31/12/58)	257.8	258.6	260.5	258.7	304.2 (2/4)	248.5 (2/10)
WORLD Capital Intl. (1/1/70)	—	144.1	143.7	142.8	162.8 (6/1)	133.8 (28/9)

(**) Sat. Oct. 10: (c)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Grumman	947,300	[illegible]½	−½	ATT	366,700	59	−⅜
S Fe Intl	639,000	4[illegible]	−1⅛	Gen Motors	346,500	43½	−1¼
IBM	536,100	55⅝	−⅜	St Oil Ind	332,000	49⅝	−¼
Coast Corp	506,900	47¼	+2¼	Sears Roe	318,600	18	+¼
Exxon	361,300	30⅞	+⅜	Polaroid	301,100	21½	−1⅛

FINANCIAL TIMES

Eurobond Quotations and Yields

The Association of International Bond Dealers

at 30th September 1981

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues.

These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled from quotations obtained from market-makers on the last working day of each month.

There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers scattered across the world's major financial centres.

Membership of the AIBD (which was established in 1969) comprises over 550 institutions from about 30 countries.

Eurobonds in September

BY OUR EUROMARKETS STAFF

BANKERS RETURNING from their August holidays to prepare for the winter season in the Eurobond market had before them one of the most eventful months this year. September saw record coupons in most sectors against a background of perhaps the most testing time yet for President Reagan's economic policies. Added to this was the collapse of one of the fastest-growing sectors—that oj Japanese convertible bonds.

In the European sectors, investors were offered 11 per cent coupons on quality D-Mark paper, an unprecedented level, and rates on Swiss franc bonds reached 8½ per cent for prime names.

Short-term interest rates continued to maintain their high levels—six month Libor had been over 17 per cent for four months. But with domestic U.S. rates at a considerable premium over Euromarket rates, borrowers in the U.S. and Canada became increasingly aware that the Eurobond market presented a cheaper alternative for their financing needs.

So the record coupons of 18 per cent on the Euro-Canadian dollar and 17¾ per cent on the Eurodollar sectors which began to look interesting for the European investors also looked cheap to U.S. and Canadian borrowers.

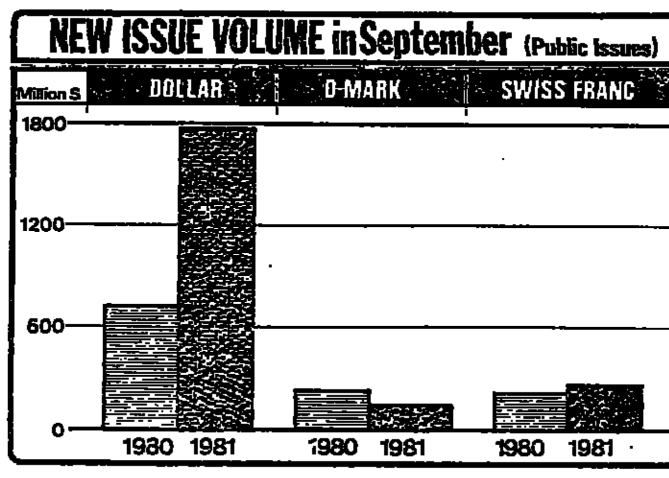
Signs of a weakening U.S. economy mid-month led to a brief new issue "window" in the Eurodollar sector and the makings of a much-hailed rally in the bond markets. Expectations of a downturn in interest rates made investors feel they faced their last chance to lock into high yielding paper.

The rally did not last, however. By the middle of the next week interest rates were treading water and traders had to mark prices down agin. This position did not augur well for the $890m worth of new fixed interest dollar bonds which had been launched during the previous eight days. These new issues, including a $330m transaction for the World Bank, quickly fell to a discount on the secondary market. The psychology of the bond market changed overnight according to one senior banker.

Shortly after this episode, President Reagan's announcement of more budget cuts sent the market back into a downward trend, while the world's stock markets suffered a memorable crash.

In the three months preceeding September investors had spent roughly $1½bn on new dollar, sterling and Swiss franc convertible bonds issued by Japanese companies. By the end of the month demand had completely dried up. Many issues were cut in amount or cancelled.

Japanese companies were attracted by two coupons — compared with those on fixed rate bonds — and, encouraged by the Japanese Ministry of Finance, they sought an opportunity to increase the percentage of overseas shareholders.



From September to November the Japanese had planned another $3bn of new issues. But after the first signs of dwindling demand, both the lead managers and the Japanese Ministry of Finance decided to call off any further attempts.

In the D-Mark sector, four borrowers paid a record 11 per cent coupon on new bond issues. The two issues which sold well were a DM 100m ten year issue for National Westminster, which was later increased to DM 125m, and a DM 150m five-year private placement for Oesterreichische Kontrollbank.

The meeting of the German Capital Markets Sub-committee later in the month resulted in a new issue calendar of three new issues plus a possible issue from a supranational borrower. The first issue on the calendar was a DM 75m private placement for Bank of America. The issue carried a 10¾ per cent coupon, substantially down from the 11 per cent precedent of earlier issues.

Early in the month, traders in Frankfurt had noticed a sizeable increase in foreign demand—the NatWest issue was 85 per cent taken up by non-German investors. This was due to the steady appreciation of the D-Mark against the dollar, and official projections of a 20 per cent drop in Germany's current account deficit.

After a poor start to the month for the Swiss Franc sector, when rising inflation prompted worries that the Swiss National Bank would force interest rates higher, the decline of the dollar provided the impetus for a modest recovery on the secondary market.

By the end of the month the flow of Swiss Franc private placements was arrested by high interest rates. In Switzerland, public issue has to have a maturity of 9-15 years while a private placement is restricted to a maturity range of 3-8 years.

In this shorter term investors found a more favourable alternative in short term interest rates—the six month rate topped 12 per cent at one stage—and until the differential comes down the situation is unlikely to change.

CONTENTS

The table of quotations and yields gives the latest rates available on September 30, 1981. This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete.

All rates quoted are for indication purposes only and are not based on, nor are they intended to be used as a basis for, particular transactions. In quoting the rates the Association does not undertake that its members will take in all the listed Eurobonds and the Association, its members and the Financial Times Limited do not accept any responsibility for errors in the table.

COMPILED FOR THE ASSOCIATION OF INTERNATIONAL BOND DEALERS BY dataSTREAM International Ltd

Issued / Est. O/S ($M)	Year of issue / Issue price	Borrower / Coupon Maturity	Price	Yield to maturity / to avge life	Current yield
		US DOLLARS-ALGERIA			
25	1977 / 100.00	BQUE EXT D'ALGERIE 9.00 15/ 8/1982	89	24.27	10.11
		US DOLLARS-ARGENTINA			
50	1979 / 98.50	ARGENTINE REPUBLIC 9.875 1/ 8/1984	84 1/4	17.31	11.72
		US DOLLARS-AUSTRALIA			
30 / 3.3	1963 / 97.50	AUSTRALIA,COMMONWEALTH 5.00 1/ 4/1983 S	85 1/2	16.92 / 29.41	5.93
30 / 1.7	1962 / 97.50	AUSTRALIA,COMMONWEALTH 5.50 1/ 7/1982 S	90 1/2	20.60 / 28.61	6.17
25 / 2.1	1962 / 99.00	AUSTRALIA,COMMONWEALTH 5.50 1/10/1982 S	88 1/2	18.11 / 31.33	6.24
25 / 5.6	1965 / 98.50	AUSTRALIA,COMMONWEALTH 5.50 1/ 5/1983 S	83 1/2	11.52 / 15.56	6.70
25 / 7.0	1965 / 99.75	AUSTRALIA,COMMONWEALTH 5.75 1/11/1985 S	82	11.70 / 16.89	7.14
25 / 6.2	1967 / 97.50	AUSTRALIA,COMMONWEALTH 6.50 15/ 6/1982	91 1/2	20.37	7.10
100	1977 / 100.00	AUSTRALIA,COMMONWEALTH 7.50 1/ 9/1984	80 5/8	16.35	9.30
350	1978 / 100.00	AUSTRALIA,COMMONWEALTH 8.00 1/ 4/1982	95 3/8	18.06	8.39
125	1976 / 99.88	AUSTRALIA,COMMONWEALTH 8.125 15/11/1983 S	85 5/8	17.06	9.71
120	1976 / 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/10/1983	86 1/8	16.99	9.58
125	1977 / 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/12/1984 S	80 7/8	16.84	10.46
150 / 150.0	1977 / 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/ 9/1992	65 5/8	14.77 / 17.13	12.57
175	1978 / 100.00	AUSTRALIA,COMMONWEALTH 8.45 1/ 6/1983 S	88 1/2	17.28	9.78
120	1976 / 100.00	AUSTRALIA,COMMONWEALTH 8.50 1/10/1986	76 1/8	15.75	11.17
30	1975 / 100.00	AUSTRALIA,COMMONWEALTH 8.75 15/ 6/1983 S	88 3/4	17.73	10.10
50	1976 / 99.63	AUSTRALIA,COMMONWEALTH 8.75 1/ 6/1986 S	79	15.75	11.38
60 / 60.0	1976 / 99.50	AUSTRALIA,COMMONWEALTH 8.75 1/10/1991	72 3/8	14.00 / 16.27	12.05
100 / 100.0	1977 / 98.88	AUSTRALIA,COMMONWEALTH 8.875 1/12/1997 S	63 1/8	15.35 / 17.39	14.55
75 / 75.0	1976 / 99.50	AUSTRALIA,COMMONWEALTH 9.00 15/11/1996 S	64 3/8	15.38 / 18.07	14.47
75 / 75.0	1978 / 99.63	AUSTRALIA,COMMONWEALTH 9.125 1/ 6/1993 S	67 3/4	15.66 / 17.40	13.92
75 / 67.5	1976 / 98.50	AUSTRALIA,COMMONWEALTH 9.125 1/ 6/1996 S	67 1/4	15.12 / 16.88	14.03
25 / 13.5	1975 / 99.00	PAPUA NEW GUINEA,GOVT OF 9.50 15/ 3/1983	91 1/2	16.37 / 17.55	10.38
25	1977 / 100.50	ALCAN AUSTRALIA 8.50 15/ 4/1989	70 3/4	15.25	12.01
60	1979 / 100.00	ALCOA OF AUSTRALIA 10.00 15/ 6/1989	78 3/4	14.77	12.70
80	1980 / 100.00	ALCOA OF AUSTRALIA 12.00 15/ 1/1988	79 1/4	17.67	15.14
30	1981* / 92.00	ALCOA OF AUSTRALIA 13.50 15/ 4/1991	84 7/8	16.72	15.91
25 / 6.3	1974 / 100.00	AUSTRALIAN IND DEV CORP 10.25 1/12/1981	98 1/4	20.88	10.43
40 / 36.4	1977 / 100.00	AUSTRALIAN MIN & SMELT € 9.25 15/ 6/1992	67 5/8	15.64 / 16.90	13.68
30 / 22.8	1975 / 100.00	AUSTRALIAN RESOURCES 9.50 1/ 3/1983	90 7/8	17.12 / 17.46	10.45
30	1979 / 99.50	AUSTRALIAN RESOURCES 9.625 1/ 8/1984	84 3/4	16.77	11.36
30	1980* / 99.50	AUSTRALIAN RESOURCES 12.00 1/11/1983	91 7/8	16.89	13.06
45	1981* / 95.75	AUSTRALIAN RESOURCES 13.00 27/ 3/1986	86 5/8	17.45	15.01
30	1977 / 99.50	BROKEN HILL PROPS 8.00 1/ 4/1985	77 3/4	16.86	10.29
30 / 30.0	1977 / 99.00	BROKEN HILL PROPS 8.25 1/ 4/1989	72 1/4	14.53 / 15.70	11.42
20 / 14.7	1975 / 98.50	BROKEN HILL PROPS 10.00 1/ 5/1990	74 1/2	15.54 / 16.98	13.42
20 / 11.0	1970 / 98.50	COMALCO INV EUROPE 9.50 1/11/1985	82 1/2	15.59 / 19.82	11.52
25 / 16.5	1975 / 100.00	COMALCO LTD 10.00 1/ 4/1987	79 1/2	15.79 / 17.32	12.58
40 / 40.0	1979 / 100.00	COMALCO INV EUROPE 10.25 15/ 7/1991	69 3/4	16.70 / 18.27	14.70
40 / 32.8	1976 / 100.00	HAMERSLEY HOLDINGS 8.50 1/ 1/1984	83 5/8	17.88 / 18.62	10.16
40 / 37.0	1976 / 100.00	HAMERSLEY HOLDINGS 9.50 1/ 1/1992	67 3/4	16.10 / 17.56	14.02
25 / 18.0	1972 / 100.00	HAMERSLEY IRON FIN 8.00 15/11/1987	71 1/2	15.52 / 19.73	11.19
20 / 10.5	1971 / 99.50	HAMERSLEY IRON FIN 9.00 1/ 5/1986	80 1/2	15.15 / 18.35	11.18
20 / 8.0	1970 / 97.00	HAMERSLEY IRON FIN 9.50 1/ 9/1985	84 1/2	14.99 / 17.47	11.24
35 / 25.2	1975 / 100.00	HAMERSLEY IRON FIN 10.00 1/ 6/1982	94	20.10	10.64
23 / 19.9	1972 / 99.75	K MART(AUST)PROPERTY E02 7.75 15/ 9/1984	81	16.34 / 16.52	9.57
36 / 33.7	1976 / 99.50	K MART(AUST)FIN E02 9.00 1/10/1986	77 1/2	15.82 / 15.35	11.61
25 / 14.5	1971 / 100.00	MOUNT ISA FIN 8.75 15/11/1986	77 1/2	15.39 / 18.99	11.29
10	1976 / 100.00	TNT INTL FIN ZW 9.00 1/ 7/1983	87	18.22	10.34
20 / 19.0	1977 / 100.00	TNT OVERSEAS FIN 9.00 15/ 8/1987	72 3/4	16.59 / 18.88	12.37
50 / 46.9	1977 / 100.00	WESTERN MINING CORP 9.00 15/10/1992	67	15.39 / 16.62	13.43
15 / 10.5	1975 / 99.00	WESTERN MINING CORP 9.75 1/ 5/1982	95	19.16	10.26
		US DOLLARS-AUSTRIA			
12 / 3.6	1964 / 99.00	AUSTRIA,REPUBLIC OF 6.00 31/ 1/1984 S	91 5/8	10.50 / 13.69	6.67
23 / 2.2	1967 / 98.50	AUSTRIA,REPUBLIC OF 6.75 15/ 3/1982 S	93 1/8	24.76	7.35
50	1977 / 100.00	AUSTRIA,REPUBLIC OF 7.80 15/ 7/1984 S	81 3/8	17.03	9.81
50 / 50.0	1977 / 100.00	AUSTRIA,REPUBLIC OF 8.625 15/ 7/1992 S	65 7/8	15.70 / 18.46	13.52
50 / 37.0	1976 / 100.00	AUSTRIA,REPUBLIC OF 8.75 15/ 8/1990	75 1/4	13.73 / 14.13	11.63
30	1975 / 100.00	AUSTRIA,REPUBLIC OF 9.00 15/ 7/1982 S	94	18.13	9.30
12 / 4.2	1965 / 97.00	ALPINE MONTAN STEEL 5.75 15/ 6/1985	86 1/2	11.05 / 14.19	6.80
15 / 4.5	1966 / 96.50	AUSTRIAN ELECTRICITY 6.625 1/ 7/1986 S	97 1/2	7.38 / 7.79	6.91
18 / 2.8	1967 / 96.50	AUSTRIAN ELECTRICITY 6.75 1/10/1982 S	97 1/2	9.64 / 12.38	7.04
30	1972 / 100.50	OESTERREICHE KONTROLLBANK 7.50 1/10/1982	90	19.41	8.33
130	1980 / 98.50	OESTERREICHE KONTROLLBANK 10.00 15/ 7/1985	80 3/4	17.29	12.38
30 / 30.0	1977 / 100.50	TAUERNAUTOBAHN 8.25 15/ 3/1987	77 1/8	15.57 / 16.56	10.70
		US DOLLARS-BELGIUM			
75 / 75.0	1973 / 100.00	MAFINA B.V. WW 4.50 1/ 7/1988	71 1/2	10.62 / 23.59	6.29
75 / 75.0	1973 / 100.00	MAFINA B.V. XW 4.50 1/ 7/1988	68 3/8	11.48 / 14.87	6.58
40	1977 / 99.50	MAFINA B.V. P 7.875 15/ 9/1984	78 7/8	17.63	9.98
40 / 40.0	1977 / 99.00	MAFINA B.V. 8.00 1/ 9/1987	72	15.56 / 16.68	11.11
		US DOLLARS-BOLIVIA			
15	1977 / 100.00	BOLIVIA,REPUBLIC OF E87 10.25 15/ 4/1982 S	92 3/8	27.92	11.40
		US DOLLARS-BRAZIL			
35 / 17.2	1972 / 99.50	BRAZIL,REPUBLIC OF 8.25 1/12/1987 S	74	15.36 / 20.32	11.46
35	1977 / 100.00	BRAZIL,REPUBLIC OF 9.00 1/ 8/1982 S	92 3/8	20.17	9.98
75	1976 / 99.00	BRAZIL,REPUBLIC OF 9.25 1/ 1/1984	78 1/2	22.29	11.78
50	1976 / 100.00	BRAZIL,REPUBLIC OF 10.00 15/ 5/1986 S	65	23.83	15.98
30	1977 / 99.00	BANCO NAC DO DESEN ECON 9.25 1/ 7/1984	74 3/8	22.66	12.44
50	1977 / 100.00	LIGHT-SERVICOS DE ELET 9.00 1/10/1982	90 1/4	20.74	9.97
		US DOLLARS-CANADA			
250	1978 / 100.20	CANADA 8.00 1/ 4/1983 S	89	17.25	9.19
250	1978 / 100.00	CANADA 8.20 1/10/1985 S	76 7/8	16.95	10.95
250	1978 / 99.75	CANADA 8.625 1/ 4/1998 S	57 7/8	16.54	15.46
400	1978 / 100.00	CANADA 9.00 15/10/1983 S	87 1/2	17.12	10.55
350	1978 / 100.00	CANADA 9.25 15/10/1998 S	61 7/8	16.36	15.51
50 / 41.7	1976 / 100.50	ALUMINIUM CO OF CANADA 9.50 15/ 4/1988	77	15.26 / 16.75	12.34
30	1979 / 99.50	AQUITAINE CO CANADA 11.25 15/ 1/1985	86 1/4	16.96	13.04
20 / 17.2	1976 / 100.00	AVCO FIN SERV-CANADA 9.25 15/ 9/1983	85 5/8	18.65 / 28.35	10.80
100	1981* / 99.50	BANK OF MONTREAL 14.25 6/ 5/1986	93 1/4	16.37	15.28
25	1981* / 99.50	BANK OF NOVA SCOTIA 13.50 15/ 6/1986	96	16.71	14.15
100	1977 / 100.00	BELL-CANADA 7.75 1/ 5/1987	71 1/2	15.75	10.84
60	1976 / 100.75	BELL-CANADA 8.75 15/ 7/1986	80 1/2	14.67	10.87
200	1976 / 99.25	BELL-CANADA 8.75 1/ 4/2006 S	53 1/8	17.46	17.15
200	1978 / 100.00	BELL-CANADA 9.00 15/ 1/2008 S	54 3/8	17.45	17.24
150	1981* / 99.50	BELL-CANADA 14.50 15/ 6/1991 S	87 3/4	17.85	17.21
50	1980 / 100.00	BM-RT 13.25 15/ 5/1985	89 1/8	17.45	14.87
20 / 14.5	1972 / 100.00	BRASCAN INT 8.25 1/10/1987	73 3/4	15.23 / 20.01	11.19
30	1976 / 100.00	BRASCAN INT 9.75 1/ 5/1982	92 5/8	24.20	10.53
75	1977 / 100.00	BRITISH COLUMBIA HYDRO 7.75 15/ 5/1985	76 1/4	17.00	10.16
150	1975 / 99.75	BRITISH COLUMBIA HYDRO 9.625 1/ 6/2005 S	59 5/8	17.02	16.79
20	1976 / 98.50	BUDD AUTO CO OF CANADA 9.50 15/ 4/1983	86	20.84	11.05
70	1978 / 99.00	CANADAIR 8.50 15/ 6/1983	87	17.68	9.77
185	1981* / 100.00	CANADIAN IMP BK COMMERCE 14.50 26/ 3/1984	94 1/2	17.25	15.34
75	1981* / 100.00	CANADIAN IMP BK COMMERCE 15.25 1/ 7/1986	94 5/8	16.91	16.12
100	1981* / 100.00	CANADIAN IMP BK COMMERCE 16.75 15/10/1991	96	17.61	17.45
85	1976 / 100.00	CANADIAN NAT RAIL CO 8.375 15/11/1986	73 1/8	16.53	11.45
150 / 150.0	1979 / 99.75	CANADIAN NAT RAIL CO 9.70 15/ 7/2004 S	59 1/8	17.40 / 18.17	17.08
150 / 150.0	1981* / 98.75	CANADIAN NAT RAIL CO 14.00 15/ 1/2006 S	80 3/4	18.15 / 18.36	18.09
		US DOLLARS-CANADA (CONTINUED)			
40 / 29.2	1977 / 100.50	CANADIAN PACIFIC-BERMUDA 8.25 1/ 7/1984	82	16.90 / 17.84	10.06
50 / 47.5	1979 / 100.00	CANADIAN PACIFIC LTD 9.75 15/ 5/1989	72 3/8	16.29 / 16.78	13.47
150 / 150.0	1981* / 98.72	CANADIAN NAT RAIL CO 15.00 1/ 6/2005 S	84 3/4	18.33 / 18.66	18.48
25 / 22.0	1977 / 99.50	CONSOLIDATED - BATHURST 9.00 1/10/1992	65 1/4	15.88 / 17.35	13.79
50 / 50.0	1979 / 96.50	DOME PETROLEUM 10.00 15/ 7/1994	62 1/4	17.36 / 18.64	16.06
30	1980 / 99.00	DOME PETROLEUM 13.50 1/ 3/1992	79 1/2	17.89	16.98
25	1978 / 99.00	DOMINION BRIDGE CO 9.00 15/ 6/1986	73 3/4	17.64	12.20
30	1979 / 100.50	DOMINION BRIDGE CO 10.25 15/ 6/1984	84 5/8	17.80	12.11
65	1981* / 99.00	DUPONT CANADA INC 13.50 15/ 2/1991	87 1/8	16.21	15.49
50	1981* / 99.50	ELDORADO NUCLEAR 13.25 15/ 3/1986	87 7/8	17.28	15.08
125	1978 / 100.00	EXPORT DEVELOPMENT CORP 8.60 15/ 8/1983 S	87 1/4	17.49	10.10
150	1979 / 100.00	EXPORT DEVELOPMENT CORP 9.85 15/ 1/1984 S	87 3/8	17.37	11.59
100	1979 / 99.50	EXPORT DEVELOPMENT CORP 9.25 1/ 3/1984	85 3/8	17.02	10.83
150	1980 / 100.00	EXPORT DEVELOPMENT CORP 9.50 15/ 1/1986	77 3/8	17.35	12.28
150	1979 / 100.00	EXPORT DEVELOPMENT CORP 9.75 1/ 9/1984	84 1/4	17.01	11.57
100	1980 / 100.00	EXPORT DEVELOPMENT CORP 12.75 15/ 5/1987	85 3/8	16.91	14.93
250	1980 / 100.00	EXPORT DEVELOPMENT CORP 14.00 15/ 3/1983 S	92 3/4	17.33	15.64
250	1981* / 99.67	EXPORT DEVELOPMENT CORP 14.125 1/ 3/1988 S	90 1/8	17.37	16.29
75	1980 / 100.00	FEDERAL BUSINESS DEV BK 12.25 15/ 5/1985	87 3/8	17.12	14.02
50	1980* / 100.00	FEDERAL BUSINESS DEV BK 12.25 15/11/1983	86 3/8	17.08	14.18
100	1981* / 99.68	FEDERAL BUSINESS DEV BK 14.625 15/ 6/1988 S	90 7/8	17.65	16.74
40	1981* / 99.75	FEDERAL BUSINESS DEV BK 15.75 15/ 6/1984	98 3/8	16.42	16.01
25	1975 / 100.00	GENSTAR 10.00 15/11/1981	97 5/8	30.74	10.24
50 / 30.0	1979 / 98.50	GENSTAR 10.00 1/ 6/1989	72	16.70 / 17.19	13.89
50 / 50.0	1981* / 99.00	GENSTAR 14.75 15/ 4/1991	89	17.10 / 17.33	16.57
20 / 18.0	1977 / 100.00	GREAT LAKES PAPER CO 8.75 1/ 3/1984	83 3/4	17.45 / 19.11	10.45
25 / 21.5	1976 / 100.50	HOME OIL CO 9.50 1/ 7/1986	76 1/4	17.16 / 17.51	12.46
50 / 50.0	1979 / 101.00	HUDSON'S BAY 10.00 15/ 2/1994	70 1/8	15.35 / 16.88	14.26
75	1980 / 101.00	HUDSON'S BAY 11.30 15/ 6/1990	76 1/2	16.78	15.03
50	1980 / 100.00	IBM-CANADA 10.50 1/ 7/1985	89 1/4	14.35	11.76
250 / 250.0	1979 / 99.81	IMPERIAL OIL LTD 9.75 15/ 9/2009 S	59 1/8	17.31 / 17.77	17.17
50	1977 / 100.00	INCO 8.25 15/12/1984	77 5/8	17.97	10.63
100	1977 / 100.00	INCO 9.00 15/12/1992	64 1/8	16.08	14.04
45	1976 / 100.00	IBE CANADIAN FINANCE 9.00 1/ 5/1982	93 1/8	22.34	9.66
35	1976 / 100.00	IBE CANADIAN FINANCE 9.50 1/ 5/1986	77	17.07	12.34
50 / 44.2	1977 / 100.00	MACMILLAN BLOEDEL 9.00 1/ 2/1992	65 3/8	16.04 / 16.92	13.77
50 / 45.1	1978 / 99.25	MACMILLAN BLOEDEL 9.25 15/ 3/1993	63 7/8	15.99 / 16.95	14.15
125	1976 / 99.50	MANITOBA HYDRO-ELECTRIC 9.25 30/ 6/2001 S	57 1/4	17.39	16.81
100	1974 / 99.75	MANITOBA HYDRO-ELECTRIC 9.25 15/ 6/2004 S	56 1/2	17.40	17.04
50	1976 / 100.00	MANITOBA,PROVINCE OF 8.75 15/ 4/1983	88 1/4	18.00	9.92
15 / 11.0	1975 / 99.50	MANITOBA,PROVINCE OF 9.25 30/ 4/1985	88	13.65 / 16.50	10.51
75	1979 / 99.00	MANITOBA,PROVINCE OF 9.50 15/ 3/1989	72 3/8	16.08	13.13
20 / 5.0	1970 / 100.00	MASSEY-FERGUSON NED N.V. 9.00 15/ 1/1982	93 3/4	33.30	9.60
75	1976 / 100.00	MASSEY-FERGUSON NED N.V. 9.50 1/ 6/1991	52	21.70	18.27
40 / 26.5	1975 / 100.50	MASSEY-FERGUSON NED N.V. 9.75 1/ 7/1982	85	35.30	11.47
15 / 4.0	1970 / 100.00	MONTREAL,CITY OF 9.00 1/ 2/1985	83	15.89 / 21.05	10.84
50	1976 / 100.00	MONTREAL,CITY OF 9.25 15/ 2/1983	89 1/2	18.41	10.34
50	1975 / 100.00	MONTREAL,CITY OF 9.75 1/12/1981	98	22.11	9.95
58	1980 / 100.00	MONTREAL,CITY OF 10.25 15/ 7/1987	76 1/2	16.68	13.40
65 / 55.5	1975 / 100.00	MONTREAL URBAN COMM E82 10.875 1/10/2000 S	94 3/8	11.95 / 12.10	11.86
40	1981* / 99.75	NAT BK CANADA 15.25 18/ 6/1984	95 1/2	17.34	15.97
40 / 30.0	1976 / 100.00	NEW BRUNSWICK E.P.COMM 9.00 15/ 1/1983	90 1/4	17.97 / 18.27	9.97
75 / 66.0	1979 / 99.50	NEW BRUNSWICK E.P.COMM 9.75 1/ 3/1994	68 1/2	15.61 / 16.53	14.23
100	1981* / 97.75	NEW BRUNSWICK E.P.COMM 15.00 1/ 5/1991 S	87 1/2	18.34	17.88
60	1981* / 98.50	NEW BRUNSWICK E.P.COMM 17.00 1/10/1988	93 7/8	17.29	17.19
		US DOLLARS-CANADA (CONTINUED)			
50	1977 / 99.50	NEW BRUNSWICK,PROV OF 8.00 15/ 7/1984	80 1/2	17.34	9.94
35	1976 / 100.75	NEW BRUNSWICK,PROV OF 8.75 1/ 8/1983	86 7/8	17.66	10.07
75	1979 / 99.32	NEW BRUNSWICK,PROV OF 10.125 15/ 1/2004 S	64 3/8	16.65	16.35
100	1981* / 98.17	NEW BRUNSWICK,PROV OF 14.75 1/ 7/1991 S	87 3/8	18.24	17.59
25	1976 / 100.00	NEWFOUNDLAND & LAB HYDRO 9.75 15/ 9/1986	76 3/4	17.64	12.70
35	1976 / 100.50	NEWFOUNDLAND MUN FIN 9.25 15/ 9/1988	70 1/4	16.81	13.17
20 / 10.0	1971 / 99.50	NEWFOUNDLAND,PROVINCE OF 8.50 2/ 3/1986	77 1/4	16.01 / 21.37	11.00
50	1977 / 100.50	NEWFOUNDLAND,PROVINCE OF 9.00 15/ 2/1989	67 5/8	16.98	13.31
75	1977 / 100.00	NEWFOUNDLAND,PROVINCE OF 9.125 1/ 9/2002 S	56 1/2	17.30	16.80
50	1978 / 100.50	NEWFOUNDLAND,PROVINCE OF 9.25 1/ 6/1990	69 1/4	16.02	13.36
50	1979 / 99.50	NEWFOUNDLAND,PROVINCE OF 10.00 15/ 3/1994	71	15.31	14.08
30	1976 / 100.00	NEWFOUNDLAND,PROVINCE OF 10.00 1/ 8/2001 S	60 7/8	17.58	17.10
60 / 60.0	1981* / 99.00	NEWFOUNDLAND,PROVINCE OF 13.50 1/ 2/1990	83 7/8	17.23 / 17.89	16.10
60	1981* / 100.00	NEWFOUNDLAND,PROVINCE OF 17.25 1/10/1989	101	17.01	17.08
75 / 71.6	1978 / 99.00	NOVA SCOTIA POWER 9.625 1/ 6/2008 S	58 1/4	17.38 / 17.65	17.21
50 / 45.8	1979 / 99.50	NOVA SCOTIA POWER 9.75 15/ 5/1989	71 1/8	16.67 / 17.63	13.71
15 / 6.0	1970 / 100.00	NOVA SCOTIA,PROVINCE OF 9.00 15/ 5/1985	85	14.36 / 18.11	10.59
50 / 48.5	1980 / 99.25	NOVA SCOTIA,PROVINCE OF 10.75 15/ 7/1990	74 3/8	16.43 / 17.00	14.45
75	1981* / 100.00	NOVA SCOTIA,PROVINCE OF 15.00 30/ 6/1991	90 3/8	17.04	16.60
125	1977 / 100.50	ONTARIO HYDRO 8.00 15/ 4/1987	72 3/4	15.67	11.00
75	1976 / 99.50	ONTARIO HYDRO 8.25 27/ 5/1983	87 1/2	17.46	9.43
35 / 17.5	1971 / 100.00	ONTARIO HYDRO-ELECTRIC 8.25 15/ 1/1986	85 5/8	12.77 / 16.17	9.64
125	1978 / 99.50	ONTARIO HYDRO 8.50 1/ 6/1985	79 1/4	16.41	10.73
100	1976 / 99.50	ONTARIO HYDRO 8.50 10/ 9/1986	74 5/8	16.36	11.39
75	1976 / 99.50	ONTARIO HYDRO 9.00 2/ 1/1983	91 1/8	17.33	9.88
100	1981* / 100.00	ONTARIO HYDRO 13.50 26/ 2/1991	85 7/8	16.50	15.72
150	1981* / 100.00	ONTARIO HYDRO 16.00 28/ 8/1991	96 1/8	16.81	16.64
125	1975 / 100.00	ONTARIO,PROVINCE OF 8.20 15/ 6/1982 S	94 5/8	17.61	8.88
100	1975 / 100.00	ONTARIO,PROVINCE OF 8.60 15/11/1985 S	75 1/2	17.58	11.44
250	1977 / 100.00	ONTARIO,PROVINCE OF 8.75 5/ 1/2008 S	54 1/8	17.05	16.82
150	1975 / 99.50	ONTARIO,PROVINCE OF 9.125 15/ 6/2005 S	56 3/4	17.84	16.73
75	1970 / 100.00	ONTARIO,PROVINCE OF 9.25 1/ 8/2000 S	58 3/4	17.03	16.36
200	1975 / 99.50	ONTARIO,PROVINCE OF 9.25 15/11/2005 S	57 3/8	17.06	16.77
200	1978 / 100.00	ONTARIO,PROVINCE OF 9.375 1/ 6/2008 S	57 3/4	17.08	16.89
250	1978 / 99.00	ONTARIO,PROVINCE OF 9.375 30/11/2008 S	57 3/4	17.06	16.89
300	1979 / 99.25	ONTARIO,PROVINCE OF 9.75 1/ 3/2009 S	59 3/4	17.13	16.98
300	1979 / 99.30	ONTARIO,PROVINCE OF 10.00 20/ 9/2009 S	60 1/2	17.13	16.99
25 / 22.8	1975 / 98.50	OTTAWA-CARLETON 9.50 15/ 3/1990	75 3/4	14.65 / 17.74	12.54
50	1976 / 100.00	POLYSAR 9.50 15/12/1986	76 1/4	16.63	12.46
30	1975 / 100.00	POLYSAR LTD 10.00 15/ 1/1982	94 1/2	31.38	10.58
10 / 5.6	1970 / 99.25	QUEBEC,CITY OF 9.00 1/ 4/1985 S	93 1/4	25.49	9.88
20 / 10.6	1971 / 97.00	QUEBEC HYDRO-ELECTRIC 8.25 15/ 3/1986	83 1/4	13.43 / 15.55	9.91
25 / 18.0	1971 / 100.00	QUEBEC HYDRO-ELECTRIC 15F 8.50 15/11/1986	75	15.99 / 19.37	11.33
125	1976 / 100.00	QUEBEC HYDRO-ELECTRIC 15 8.50 1/11/1986	72 1/8	17.12	11.79
30 / 25.0	1974 / 93.50	QUEBEC HYDRO-ELECTRIC 8.50 1/ 2/1989	75 1/4	14.10 / 15.36	11.30
250	1976 / 100.00	QUEBEC HYDRO-ELECTRIC 8.60 15/ 9/2006 S	51 3/8	17.74	17.44
125	1977 / 100.00	QUEBEC HYDRO 9.00 1/ 8/1992	66 3/4	15.51	13.48
15 / 6.9	1970 / 99.50	QUEBEC HYDRO-ELECTRIC 9.25 1/10/1985	85	14.44 / 18.93	10.88
30	1978 / 99.50	QUEBEC HYDRO 9.50 1/ 7/1993	69	15.32	13.77
200	1975 / 99.00	QUEBEC HYDRO 9.75 1/ 8/2005 S	58 1/8	17.74	17.48
75	1979 / 99.00	QUEBEC HYDRO 10.00 15/ 5/1999	68 1/2	15.19	14.60
100	1978 / 99.75	QUEBEC HYDRO-ELECTRIC 10.00 15/ 7/2008 S	59 1/8	17.77	17.63
200	1979 / 100.00	QUEBEC HYDRO 10.00 1/ 2/2009 S	59	17.80	17.67
200	1979 / 100.00	QUEBEC HYDRO 10.125 15/ 6/2009 S	59 3/4	17.78	17.66
250	1980 / 99.38	QUEBEC HYDRO 10.75 15/ 6/2010 S	62 7/8	17.91	17.83
		US DOLLARS-CANADA (CONTINUED)			
200	1979 / 98.75	QUEBEC HYDRO EBS 11.25 15/10/2009 S	80 1/2	14.54	14.46
100	1980 / 100.00	QUEBEC HYDRO 11.50 15/ 6/1992	73 7/8	16.90	15.57
200	1980 / 100.00	QUEBEC HYDRO 12.50 1/ 2/1985 S	88 1/4	18.00	14.67
200	1980* / 100.00	QUEBEC HYDRO 11.50 15/10/1987 S	83 1/8	17.81	15.60
100	1981* / 100.00	QUEBEC HYDRO WW 13.00 1/ 2/1991	79 1/8	17.67	16.43
100	1981* / 100.00	QUEBEC HYDRO XW 13.00 1/ 2/1991	79	17.70	16.46
150	1980* / 99.50	QUEBEC HYDRO 13.25 15/10/2010 S	75 3/8	18.30	18.26
200	1981* / 99.75	QUEBEC HYDRO 16.25 15/ 7/1991 S	94 1/2	18.18	17.34
30 / 24.0	1973 / 99.00	QUEBEC,PROVINCE OF 7.50 15/ 1/1988	66 3/4	16.31 / 19.13	11.24
75	1976 / 100.00	QUEBEC,PROVINCE OF 9.00 15/ 1/1983	90 5/8	17.59	9.93
50	1976 / 100.00	QUEBEC,PROVINCE OF 9.00 1/ 4/1984	82 3/4	18.06	10.88
15 / 5.2	1970 / 100.00	QUEBEC,PROVINCE OF 9.00 1/ 3/1985	85	14.85 / 17.19	10.59
60 / 52.8	1977 / 99.00	QUEBEC,PROVINCE OF 9.00 1/11/1995	63 7/8	15.61 / 16.41	14.09
150	1974 / 100.00	QUEBEC,PROVINCE OF 9.20 15/ 4/2004 S	54 3/8	18.03	17.64
100	1975 / 100.00	QUEBEC,PROVINCE OF 9.875 15/ 5/2000 S	59 3/8	17.83	17.25
75	1981* / 99.00	QUEBEC,PROVINCE OF E93 14.75 1/ 7/1986	93	16.94	15.86
15 / 12.0	1973 / 98.50	QUEBEC URBAN COMMUNITY 9.50 15/ 9/1982	92 3/4	18.39	10.24
25	1977 / 100.00	REDPATH INDUSTRIES 9.00 15/ 9/1989	60	19.19	15.00
100	1981* / 100.00	ROYAL BANK OF CANADA 14.00 22/ 4/1986	93 1/4	16.12	15.01
50	1980 / 100.00	ROYLEASE LTD 11.25 15/ 6/1985	85 7/8	16.58	13.10
75	1976 / 101.00	SASKATCHEWAN,PROVINCE OF 8.75 1/ 9/1986	74 7/8	16.80	11.69
125 / 121.3	1978 / 100.00	SASKATCHEWAN,PROVINCE OF 9.25 15/ 4/2008 S	56 1/2	17.24	17.04
80	1976 / 100.00	SEAGRAM 9.00 15/ 2/1983	89 1/8	18.31	10.10
100	1981* / 99.75	SHELL CANADA LTD 15.75 15/ 9/1991	95 1/8	16.56	16.38
50	1981* / 100.00	TORONTO-DOMINION BANK 14.00 15/ 4/1984	93 3/4	17.09	14.93
50	1981* / 100.00	TORONTO-DOMINION BANK 15.00 15/ 7/1984	95 3/4	16.94	15.67
50	1981* / 100.00	TORONTO-DOMINION BANK 15.25 15/ 9/1983	96 7/8	17.23	15.74
50	1981* / 100.00	TORONTO,MUNICIPALITY OF 14.50 15/ 6/1991 S	87 1/8	18.01	17.34
25	1981* / 100.00	TORDOM CORP 15.50 15/ 6/1986	95 3/4	16.80	16.19
75	1981* / 100.00	TRANSCANADA PIPELINES 17.75 1/10/1988	101 1/8	17.46	17.55
40	1981* / 99.00	TRIZEC CORP 16.00 1/ 8/1986	92 3/8	18.46	17.32
10	1976 / 100.00	VANCOUVER,CITY OF 8.75 30/ 9/1988	65 3/4	17.65	13.31
65	1981* / 100.00	HIRAM WALKER HOLDINGS WW 13.75 17/ 9/1984	98 1/4	16.52	16.03
65	1981* / 100.00	HIRAM WALKER HOLDINGS XW 15.75 17/ 9/1984	95 3/4	17.69	16.45
50	1981* / 100.00	HIRAM WALKER HOLDINGS 16.00 1/ 6/1986	99 1/8	16.20	16.14
30	1980 / 99.50	GEORGE WESTON 13.50 1/ 6/1987	85 1/4	17.77	15.84
40	1977 / 100.50	WINNIPEG,CITY OF 8.25 15/ 5/1987	69 1/2	17.06	11.87
50	1981* / 100.00	WINNIPEG,CITY OF 15.75 30/ 6/1988	94 7/8	17.02	16.60
50	1981* / 100.00	WINNIPEG,CITY OF 17.00 15/10/1986	99 1/4	17.22	17.13
		US DOLLARS-COLOMBIA			
20 / 10.5	1973 / 100.00	COLOMBIA,REPUBLIC OF 8.00 1/ 2/1988 S	71 1/4	15.14 / 19.28	11.42
		US DOLLARS-DENMARK			
25 / 5.1	1964 / 98.50	DENMARK,KINGDOM OF 5.50 8/ 4/1984	88 1/8	11.12 / 14.58	6.24
20 / 5.3	1965 / 99.00	DENMARK,KINGDOM OF 6.00 15/ 6/1985	90 1/8	9.25 / 11.20	6.66
25 / 2.0	1967 / 99.25	DENMARK,KINGDOM OF 6.75 1/ 9/1982	91 1/4	17.84	7.40
30 / 20.4	1972 / 99.00	DENMARK,KINGDOM OF 7.50 15/ 1/1990	68 1/2	14.17 / 17.24	10.95
100 / 96.0	1976 / 99.00	DENMARK,KINGDOM OF 8.50 1/10/1984	80 3/8	17.44 / 17.85	10.58
20 / 4.0	1970 / 100.00	DENMARK,KINGDOM OF 9.00 1/ 3/1982	96 1/2	17.90	9.33
20 / 9.5	1970 / 99.25	DENMARK,KINGDOM OF 9.25 1/12/1985	96 1/4	10.38 / 11.19	9.61
100	1980 / 99.50	DENMARK,KINGDOM OF 11.75 1/ 6/1990	74 1/4	17.73	15.82
100	1981* / 100.00	DENMARK,KINGDOM OF 14.75 1/ 4/1988 S	88	17.86	16.54
15 / 4.1	1964 / 99.25	ASS MUNICIPAL - DENMARK 5.75 30/ 6/1984	84 7/8	12.36 / 16.09	6.77
15 / 7.6	1971 / 98.50	CARLSBERG-TUBORG 8.75 1/ 4/1986	91 1/2	11.22 / 12.71	9.56
10 / 8.0	1977 / 100.00	CO-OP DENMARK 8.625 15/10/1984	81 1/2	16.88 / 24.55	10.58
15 / 5.0	1965 / 99.50	COPENHAGEN,CITY OF 6.00 16/11/1985	90 3/4	8.76 / 11.10	6.61
		US DOLLARS-DENMARK (CONTINUED)			
25 / 7.3	1967 / 99.00	COPENHAGEN,CITY OF 6.50 15/ 4/1987	88 1/2	8.97 / 10.72	7.34
12 / 3.5	1969 / 97.75	COPENHAGEN,CITY OF 8.00 15/ 9/1984	91 1/8	11.71 / 13.12	8.78
15 / 3.5	1970 / 98.00	COPENHAGEN,CITY OF 9.00 1/10/1985	91 1/8	11.91 / 13.63	9.88
15 / 11.6	1972 / 97.50	COPENHAGEN COUNTY AUTH 7.75 15/ 2/1987	69 1/4	15.84 / 21.89	11.19
25	1977 / 100.00	COPENHAGEN HANDELSBANK 8.00 18/ 1/1982	95 3/4	23.58	8.36
12 / 2.4	1964 / 99.50	COPENHAGEN TELEPHONE 5.75 12/ 2/1986	91 3/8	8.79 / 12.61	6.27
15 / 3.0	1966 / 100.00	COPENHAGEN TELEPHONE 5.75 1/ 7/1984	90 1/2	9.83 / 12.08	6.35
10 / 3.0	1967 / 98.00	COPENHAGEN TELEPHONE 6.75 15/10/1982	93 1/4	14.15 / 21.31	7.24
10 / 3.4	1966 / 98.75	COPENHAGEN TELEPHONE 6.75 1/ 4/1986	89 3/8	9.75 / 11.62	7.55
15 / 7.1	1971 / 100.00	COPENHAGEN TELEPHONE 8.50 1/ 2/1986	92 1/8	10.84 / 12.42	9.23
10 / 3.8	1970 / 100.00	COPENHAGEN TELEPHONE 9.00 15/ 4/1985	94 1/8	11.05 / 12.50	9.56
25	1977 / 100.00	DEN DANSKE PROVINSBANKEN 8.25 15/ 7/1982	92 1/2	19.27	8.96
25	1978 / 99.38	ELSAM - JUTLAND FUNEN E.C. 9.00 15/ 3/1985	72 7/8	19.87	11.36
10 / 2.5	1964 / 98.75	JUTLAND-FUNEN ELECTRIC 5.75 15/ 9/1984	88 3/8	11.43 / 14.21	6.66
10 / 2.0	1964 / 98.75	JUTLAND TELEPHONE 5.75 1/ 5/1984 S	90 7/8	10.07 / 12.60	6.43
5 / 1.0	1966 / 88.00	JUTLAND TELEPHONE 5.75 1/ 5/1984 S	91	10.01 / 12.50	6.42
12 / 2.4	1964 / 99.00	MORTGAGE BANK OF DENMARK 5.625 15/ 3/1984 S	93 3/4	8.18 / 9.79	6.02
12 / 3.6	1966 / 98.50	MORTGAGE BANK OF DENMARK 6.25 25/ 1/1986	94 5/8	7.73 / 8.82	6.61
12 / 1.0	1967 / 97.00	MORTGAGE BANK OF DENMARK 6.75 28/ 2/1982	94 3/8	21.31	7.13
25 / 21.0	1972 / 97.50	MORTGAGE BANK OF DENMARK 7.50 1/ 1/1991	60 1/4	15.98 / 19.79	12.45
30	1976 / 99.00	MORTGAGE BANK OF DENMARK 9.00 1/ 4/1983	88 3/4	18.05	10.14
30	1977 / 100.00	PRIVATBANKEN 8.00 15/ 4/1982	80 5/8	18.08	9.92
20 / 18.7	1978 / 100.00	F L SMIDTH 9.50 1/ 7/1988 S	76 1/8	15.86 / 20.01	12.87
25	1977 / 100.00	SPAREKASSEN SDS 8.25 15/ 3/1982	93	25.72	8.87
		US DOLLARS-FINLAND			
50	1976 / 99.70	FINLAND,REPUBLIC OF 7.625 15/12/1981 S	95 1/4	27.26	8.18
100	1978 / 99.50	FINLAND,REPUBLIC OF 8.75 15/ 6/1983 S	83 5/8	17.54	10.15
50 / 30.0	1977 / 98.35	FINLAND,REPUBLIC OF 8.75 15/10/1992 S	63	16.63 / 19.70	14.37
100	1978 / 99.65	FINLAND,REPUBLIC OF 9.00 15/ 9/1988 S	68 1/2	12.65	13.62
100	1979 / 99.50	FINLAND,REPUBLIC OF 9.50 15/ 3/1986	76 7/8	17.28	12.36
100	1979 / 100.00	FINLAND,REPUBLIC OF 9.625 1/ 7/1989 S	68 5/8	17.79	14.02
30	1977 / 100.00	ENSO-GUTZEIT 8.25 15/ 2/1984	82	18.15	10.06
20	1975 / 99.00	ENSO-GUTZEIT 9.75 5/ 3/1982	94 7/8	19.24	10.28
30	1980 / 100.00	FINNISH EXPORT CREDIT 12.50 1/ 7/1985	81	17.80	12.96
15 / 10.0	1972 / 98.50	FINNISH MUNICIPAL LOAN 8.25 15/ 3/1987	75 7/8	15.99 / 18.82	10.87
15 / 12.0	1974 / 98.00	FINNISH MUNICIPAL LOAN 8.75 1/ 2/1988	76	14.75 / 16.66	11.51
15 / 7.0	1976 / 99.50	HELSINKI,CITY OF 8.75 15/11/1986 S	83 5/8	13.69 / 16.64	10.74
20 / 15.0	1972 / 100.50	IND MTGE BANK OF FINLAND 8.00 15/12/1987	78 1/4	13.94 / 16.03	10.49
25 / 21.3	1977 / 100.00	INDUST FUND OF FINLAND 8.25 18/ 9/1987	75 3/4	15.82 / 20.08	12.26
25 / 12.0	1976 / 100.00	INDUST FUND OF FINLAND 9.00 28/ 9/1984	88	14.23 / 15.65	10.23
15 / 7.5	1971 / 98.00	MORTGAGE BANK OF FINLAND 8.50 15/ 2/1986 S	84 3/4	13.63 / 17.15	10.28
20 / 13.0	1976 / 100.00	MORTGAGE BANK OF FINLAND 9.25 1/ 4/1983	90 1/8	17.10 / 19.91	10.26
15 / 7.9	1971 / 98.50	PEKEMA OY 8.75 1/12/1986	83 3/8	13.39 / 15.96	10.49
15 / 12.2	1976 / 100.00	RAUTARUUKKI OY 9.00 1/11/1983	85	18.24 / 19.09	10.59
25	1978 / 100.00	TVO POWER 8.875 1/ 5/1988	69 3/4	16.76	12.72
		US DOLLARS-FRANCE			
25 / 8.0	1975 / 99.50	AIR FRANCE 9.50 18/ 2/1982	95	23.92	10.00
20 / 2.6	1967 / 99.50	ANDRE CITROEN 6.75 15/ 3/1982	92 1/4	26.33	7.32
75 / 60.0	1976 / 100.00	B.F.C.E. 8.75 15/ 2/1983	91 7/8	15.54 / 19.69	9.52
75	1976 / 100.00	B.F.C.E. 8.95 15/ 7/1983 S	88 1/8	17.59	10.41
50 / 18.0	1975 / 100.00	B.F.C.E. 9.00 28/ 3/1982	94 1/4	22.13	9.55
20 / 15.5	1975 / 99.75	B.F.C.E. 9.00 15/ 3/1989	72	15.56 / 18.38	12.50
30	1972 / 100.00	B.N.P. 7.625 15/ 7/1982	91 7/8	19.51	8.30
8	1975 / 100.00	C.C.C.E. E19 10.25 15/11/1982	92 5/8	17.96	11.07
20 / 10.4	1971 / 98.50	CIMENTS LAFARGE 8.75 25/ 3/1986	73 1/2	17.71 / 31.63	11.90
		US DOLLARS-FRANCE (CONTINUED)			
35	1976 / 99.50	CORP NAT DU RHONE 8.75 20/10/1986	72 3/8	17.39	12.09
25 / 8.1	1975 / 99.75	CORP NAT DU RHONE E80 10.00 1/ 2/1982	95 3/4	23.78	10.44
100 / 100.0	1976 / 99.00	CREDIT NATIONAL 8.50 15/12/1986	76 1/4	15.43 / 18.87	11.15
50	1980* / 100.00	CREDIT NATIONAL WR 13.75 1/ 1/1986	89 1/2	17.37	15.36
50	1980* / 100.00	CREDIT NATIONAL XW 13.75 1/ 1/1986	89 5/8	17.32	15.34
20 / 4.8	1970 / 99.50	E.R.A.P. 9.00 15/ 2/1982	94 7/8	24.17	9.49
60	1975 / 99.50	E.R.A.P. 9.75 15/11/1985	78 5/8	17.40	12.40
20 / 14.4	1971 / 99.00	ELECTRICITE DE FRANCE 8.50 1/ 5/1986	75	16.67 / 19.39	11.33
50	1977 / 99.75	ELECTRICITE DE FRANCE 8.50 1/ 6/1987 S	70 1/2	17.45	12.42
100	1976 / 100.00	ELECTRICITE DE FRANCE 8.875 15/ 1/1983 S	90 3/4	17.85	10.02
100	1976 / 100.00	ELECTRICITE DE FRANCE 8.90 15/ 9/1986 S	74 1/8	17.49	12.37
300	1979 / 100.00	ELECTRICITE DE FRANCE 9.625 15/ 4/1966	76 7/8	17.33	12.52
125	1980 / 100.00	ELECTRICITE DE FRANCE 10.00 1/ 7/1988	72 5/8	17.10	13.77
100	1980 / 100.00	ELECTRICITE DE FRANCE 11.25 15/ 5/1990	73 7/8	17.24	15.23
75	1981* / 95.25	ELECTRICITE DE FRANCE 13.00 15/ 6/1984	90 1/4	17.73	14.40
125	1981* / 100.00	ELECTRICITE DE FRANCE 13.00 15/ 1/1988	83 3/4	17.39	15.52
75	1977 / 100.00	ELF AQUITAINE 8.25 15/ 4/1985	77 5/8	17.12	10.63
40	1977 / 99.50	ELF NORGE P 7.50 15/ 2/1982	96	19.08	7.81
20 / 7.3	1965 / 98.25	FRANCAISE DES PETROLES 6.00 15/10/1985	75 1/2	14.41 / 21.34	7.95
50	1975 / 100.00	FRANCAISE DES PETROLES 9.00 15/ 1/1982	95 3/4	25.03	9.40
25 / 16.0	1976 / 99.75	G.I.S. 9.25 15/ 4/1983	87 3/8	19.32 / 25.32	10.59
20 / 5.4	1970 / 99.50	GAZ DE FRANCE 9.00 15/ 3/1985	82 1/8	16.07 / 20.94	10.96
80	1981* / 100.00	GAZ DE FRANCE 13.50 15/ 1/1986	88 1/4	17.34	15.30
40 / 40.0	1981* / 99.00	LAFARGE COPPEE 15.50 15/ 4/1989 S	91 3/4	18.27 / 19.80	17.61
20 / 12.0	1971 / 100.00	LE NICKEL 9.00 15/ 5/1986	74 5/8	17.37 / 22.76	12.06
20 / 7.4	1974 / 98.00	MARSEILLE,CITY OF E81 10.25 15/12/1986	79 1/2	16.34 / 16.19	12.89
58 / 42.0	1973 / 98.50	MICHELIN 7.50 15/ 2/1988	63 1/2	17.37 / 18.82	11.81
75 / 62.5	1976 / 100.50	MICHELIN 9.25 15/ 3/1986	77 1/8	16.90 / 17.57	11.99
40	1976 / 99.75	MICHELIN O'SEAS 8.50 15/ 9/1983	85 1/2	17.90	9.94
60 / 60.0	1976 / 99.25	MICHELIN O'SEAS 9.25 15/ 9/1998	69 3/4	16.97 / 17.87	13.26
125 / 125.0	1979 / 99.25	MICHELIN 10.00 17/ 8/1994	64 1/2	16.92 / 17.73	15.50
40	1975 / 98.75	NATIONALE DE L'ENERGIE 9.25 30/ 4/1985	81 1/2	16.41	11.35
300	1981* / 100.00	NATIONALE DE L'ENERGIE 12.75 30/ 1/1991	79 3/8	17.31	16.06
30 / 30.0	1976 / 100.00	NATIONALE DES AUTO P 8.50 15/11/1986	76	15.82 / 19.41	11.18
75	1976 / 100.00	NATIONALE DES AUTOROUTES 9.00 7/ 5/1986	75 1/8	17.20	11.98
50 / 50.0	1977 / 99.75	NATIONALE DES AUTOROUTES 9.125 15/ 3/1997 S	60 1/2	16.78 / 19.36	15.65
50 / 50.0	1976 / 100.00	NATIONALE DES AUTOROUTES 9.25 9/ 9/1991	72 3/4	14.61 / 17.40	12.71
85	1980 / 100.00	NATIONALE DES AUTOROUTES 12.75 1/ 5/1995	76 3/8	17.32	16.69
75	1981* / 100.00	NATIONALE DES AUTOROUTES 15.25 15/ 6/1996	88 1/2	17.41	17.23
30 / 7.0	1967 / 99.00	NATIONALE DES TELECOMM 6.75 1/11/1982	88 5/8	19.28 / 30.99	7.62
75	1976 / 100.00	NATIONALE DES TELECOMM 7.90 1/12/1981 S	62		13.15
20 / 10.0	1971 / 98.00	NATIONALE DES TELECOMM 8.00 1/ 3/1986	75 1/2	16.12 / 22.09	10.60
75 / 75.0	1977 / 99.50	NATIONALE DES TELECOMM 8.75 1/10/1988	65 1/4	16.33 / 18.48	12.64
		US DOLLARS-FRANCE (CONTINUED)			
50 / 46.0	1977 / 99.50	S.N.C.F. 9.00 1/12/1992 S	63 3/4	16.73 / 19.61	14.62
50	1980 / 100.00	S.N.C.F. 12.375 15/ 5/1985	87	17.42	14.22
75 / 75.0	1981* / 100.00	S.N.C.F. 13.00 15/ 2/1991	81	17.16 / 17.59	16.05
50	1980 / 100.00	S.N.C.F. 13.75 30/ 4/1987	87 3/4	17.26	15.67
50 / 22.8	1975 / 100.00	S.N.P.A. 10.00 1/11/1985	79	17.61 / 18.54	12.66
15 / 2.5	1967 / 97.50	SIMCA 7.00 15/12/1982	89 3/4	16.99 / 24.53	7.80
		US DOLLARS-GERMANY			
50	1978 / 99.25	BASF OVERZEE P 7.50 1/ 5/1982	93 1/2	20.00	8.02
75	1969 / 99.50	BAYER INT FIN WW 6.00 1/11/1981	96 1/2	56.61	6.22
75	1969 / 99.50	BAYER INT FIN XW 6.00 1/11/1981	97 3/4	35.95	6.14
200	1979 / 100.00	BAYER INT FIN R88 WW 7.25 1/ 2/1989	71	13.75	10.21
200	1979 / 100.00	BAYER INT FIN R88 XW 7.25 1/ 2/1989	64	15.87	11.33
60	1977 / 100.00	BAYER INT FIN P 7.50 1/ 5/1984	79 3/4	17.87	9.40
20	1978 / 100.00	BERTELSMANN P 8.50 1/ 4/1985	78	17.32	10.90
125	1977 / 100.00	COMP FIN DEUTSCHE BKS WW 4.50 1/ 6/1987	90 1/2	6.55	4.97
125	1977 / 100.00	COMP FIN DEUTSCHE BK XW 4.50 1/ 6/1987	65	13.77	6.92
25 / 18.8	1973 / 100.00	GUTEHOFFNUNGSHUTTE O/S 7.75 1/ 2/1988	71 3/8	15.03 / 19.77	10.86
25	1977 / 100.00	HENKEL INT FIN 7.50 1/10/1984	77 3/4	17.67	9.65
125	1979 / 100.00	HOECHST FINANCE WW 6.75 1/ 7/1989	76	11.59	8.88
125	1979 / 100.00	HOECHST FINANCE XW 6.75 1/ 7/1989	60 3/4	15.38	11.11
39 / 15.0	1970 / 100.00	SIEMENS WESTERN FIN 9.00 1/12/1985	89 3/8	12.39 / 14.86	10.07
39 / 20.0	1978 / 99.50	VOLKSWAGEN INT FIN P 7.75 1/ 6/1985	83	13.92 / 17.87	9.34
150	1977 / 100.50	VOLKSWAGEN O'SEAS FIN 7.75 15/ 5/1987	71 5/8	15.67	10.82
		US DOLLARS-GREECE			
20 / 12.0	1972 / 99.50	PUBLIC POWER CORPORATION 8.25 15/12/1984	81	16.27 / 22.91	10.19
		US DOLLARS-HONG KONG			
50 / 34.7	1973 / 100.00	HONGKONG LAND XW 7.75 1/10/1988	60	18.34 / 22.16	12.92
15 / 9.0	1971 / 100.00	JARDINE MATHESON INT. XW 7.75 15/11/1986	60	21.27 / 30.33	12.92
		US DOLLARS-HUNGARY			
50	1972 / 100.00	NAT BANK OF HUNGARY E79 8.50 1/11/1987	97	9.22	8.76
		US DOLLARS-ICELAND			
15 / 10.5	1972 / 99.50	ICELAND,REPUBLIC OF 8.00 1/ 3/1987	77 1/8	14.40 / 17.81	10.37
10 / 5.1	1971 / 99.00	ICELAND,REPUBLIC OF 8.75 15/ 1/1986	81 1/8	14.98 / 19.58	10.79
30 / 18.8	1977 / 99.50	ICELAND,REPUBLIC OF 9.00 15/ 2/1987	77	15.58 / 16.98	11.69
18 / 3.6	1967 / 99.50	ICELANDIC ALUMINIUM CO 6.75 1/10/1982	90 1/2	17.92 / 30.32	7.46
		US DOLLARS-IRAN			
30 / 18.0	1976 / 99.00	IND & MINING DEVT BANK 9.25 5/ 2/1983	70	42.40 / 65.29	13.21
		US DOLLARS-IRELAND			
25 / 13.5	1971 / 97.50	IRELAND,REPUBLIC OF 8.25 15/ 2/1989 S	75 3/4	14.00 / 17.23	11.19
15 / 5.1	1970 / 99.00	IRELAND,REPUBLIC OF 9.00 1/ 3/1985 S	85	13.27 / 17.71	10.87
50	1981* / 100.00	IRELAND,REPUBLIC OF 12.75 1/ 2/1988	81 7/8	17.46	15.57
20 / 8.0	1969 / 97.25	AER LINGUS; TEORANTA 8.25 15/11/1981	98 7/8	17.46	8.34
		US DOLLARS-ISRAEL			

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US DOLLARS—SWEDEN (CONTINUED)

		Borrower / Coupon / Maturity	Price	Yield to maturity / average life	Current yield
50 / 50.0	1979 / 100.00	[illegible] CITY OF / 8.875 15/ 2/[illegible]	95 3/8	16.30 / 19.64	15.98
40 / 40.0	1975 / 99.00	[illegible] CITY OF / 9.75 15/ 3/1984	84 7/8	16.58 / 18.43	11.11
30 / 24.0	1974 / 99.00	SVENSKA [illegible] / 9.25 1/ 5/1984	81	15.44 / 18.37	11.42
35	1981* / 100.00	SVENSKA [illegible] / 15.75 15/ 4/1988	85 1/4	17.65	16.19
25 / 3.5	1976 / 100.00	SWEDISH EXPORT CREDIT / 7.875 30/10/1983	92	12.81 / 17.43	8.74
25 / 4.0	1975 / 99.00	SWEDISH EXPORT CREDIT / 9.00 15/ 4/1982	94 3/8	21.11	9.56
20 / 15.7	1979 / 100.00	SWEDISH EXPORT CREDIT / 9.50 15/ 4/1985	85	13.31 / 18.97	11.77
50	1980 / 99.75	SWEDISH EXPORT CREDIT / 12.00 1/10/1985	91 7/8	17.12	13.06
40	1980 / 99.50	SWEDISH EXPORT CREDIT / 12.50 1/ 3/1985	87 3/8	17.32	14.27
75	1981* / 100.00	SWEDISH EXPORT CREDIT / 13.00 15/ 1/1986	86 5/8	17.42	15.01
50	1981* / 99.50	SWEDISH EXPORT CREDIT / 15.75 1/ 5/1986	94 1/4	17.56	16.71
15 / 10.5	1973 / 100.00	SWEDISH INVESTMENT BANK / 7.50 15/ 3/1988	66 1/2	16.40 / 21.91	11.28
15 / 10.5	1972 / 99.00	SWEDISH INVESTMENT BANK / 7.75 1/12/1987	73 3/8	14.64 / 19.30	10.56
15 / 13.0	1976 / 100.00	[illegible] / 9.25 15/ 4/1986	74	17.51 / 21.72	12.50
30 / 11.6	1976 / 100.00	[illegible] / 7.75 1/12/1983	88	14.88 / 19.83	9.00

US DOLLARS—UTD KINGDOM (CONTINUED)

		Borrower / Coupon / Maturity	Price	Yield to maturity / average life
30 / 2.1	1970 / 100.00	[illegible] INT FIN / 9.00 1/ 2/1982	94 1/2	[illegible]
20 / 20.0	1970 / 98.00	[illegible] INT FIN / 9.25 1/10/1985	82 1/2	15.[illegible] / 18.[illegible]
25 / 11.0	1979 / 100.00	[illegible] CITY OF / 9.25 15/10/1983	88 3/4	16.[illegible] / 21.[illegible]
25	1979 / 100.00	EDINBURGH, CITY OF / 9.00 1/11/1981	96 1/2	27.[illegible]
15 / 3.0	1967 / 98.50	EMI / 6.75 15/11/1982	86	[illegible]
30 / 30.0	1977 / 100.00	EMI FINANCE BV / 9.25 15/ 6/1989	67 1/2	17.[illegible] / 19.[illegible]
30 / 30.0	1981* / 98.25	FINANCE FOR INDUSTRY INT / 14.00 1/ 4/1986	90 3/8	17.[illegible] / 17.[illegible]
80 / 14.0	1972 / 100.50	FISONS / 8.25 1/ 7/1987	70 1/4	16.[illegible] / 20.[illegible]
20 / 20.0	1977 / 100.00	FISONS INT FIN / 8.75 1/ 8/1992	64 1/2	15.[illegible] / 17.[illegible]
25 / 33.9	1971 / 100.00	G.U.S. INTERNATIONAL / 8.50 1/ 3/1986	73 1/2	17.[illegible] / 25.[illegible]
15 / 11.5	1974 / 100.00	G.U.S. INTERNATIONAL / 9.50 5/ 4/1989	73 1/2	15.[illegible] / 18.[illegible]
25 / 14.0	1975 / 100.00	GOLD FIELDS (BERMUDA) / 10.25 15/ 7/1985	87 1/2	14.[illegible] / 15.[illegible]
25 / 10.0	1972 / 98.50	GRAND METROPOLITAN HOTEL / 7.50 15/12/1987	70 1/2	15.[illegible] / 20.[illegible]
15 / 6.6	1970 / 100.00	GRAND METROPOLITAN HOTEL / 9.25 1/ 1/1986	90	[illegible]
30 / 20.4	1972 / 98.75	GUARDIAN ROYAL EXCHANGE / 8.00 1/ 7/1987	73 1/4	15.[illegible] / 17.[illegible]

[illegible]

Issued / Est. O/S (mln)	Year of issue / Issue price	Borrower / Coupon Maturity	Price	Yield to maturity / Yld. to aver. life	Current yield
		US DOLLARS-FLOATING RATE (CONTINUED)			
50 / 41.0	1978 / 100.00	S.F.T.E. 8:3/4 / 15.813 5/ 4/1983 S	100 7/8		15.68
50 / 28.0	1974 / 100.00	S.F.T.E. 8:3/4 / 18.25 7/ 6/1984 S	100 1/8		18.23
50 / 48.0	1980 / 100.00	S.F.T.E. 6.5:1/4 / 18.375 15/ 3/1986 S	98 1/4		18.70
50 / 48.0	1980 / 100.00	S.F.T.E. 6.5:1/4 / 17.75 2/ 7/1990 S	96 7/8		18.92
20	1979 / 100.00	SOC CENT DE BQUE 6.5:1/4 / 15.125 3/10/1987 S	99		15.28
60	1977 / 100.00	SOCIETE GENERALE * 3/8 / 15.188 1/10/1984 S	100 1/8		15.17
50	1979 / 100.00	SOCIETE GEN * 5.25:1/4 / 19.00 12/ 7/1991 Q	99 1/8		19.17
100	1981* / 100.00	SOGGEN 885/88 5.25:1/8 / 18.625 22/ 7/1991 S	98 7/8		18.84
20	1979 / 100.00	SOGENAL E91 * 5.75:1/4 / 18.438 13/ 7/1989 S	98 5/8		18.69
30 / 30.0	1979 / 100.00	SONATRACH 7.5:1 / 19.875 15/ 2/1991 S	99 7/8		19.90
30	1978 / 100.00	SONATRCH 886(2) 7.25:3/4 / 18.50 7/12/1992 S	99 3/8		18.57
25	1980* / 100.00	SPAREBANKEN 6:1/4 / 16.813 19/12/1987 S	98 3/8		17.05
50	1977 / 100.00	STANDARD CHART 6.25:1/4 / 18.188 31/ 5/1984 S	100		18.18
100	1975 / 100.00	STANDARD CHART 5.5:1/4 / 19.00 10/ 3/1990 S	99 3/4		19.05
75	1980 / 100.00	STANDARD CHART 5.25:1/4 / 19.063 6/ 3/1990 S	99 3/4		19.11
30	1980 / 100.00	STATE BK INDIA 6.75:1/4 / 18.25 29/ 5/1987 S	98 5/8		18.50
30	1981* / 100.00	SUMITOMO FIN 5.5:1/8 / 19.563 6/ 8/1988 S	99 7/8		19.59
30	1979 / 100.00	SUMITOMO HEAVY 5.5:1/4 / 18.813 13/ 9/1984 Q	100		18.82
20	1978 / 100.00	SUNDSVALLSBANKEN 6:1/4 / 15.313 4/10/1985 S	99 1/2		15.39
35	1980 / 100.00	SVENSKA HANDELSBK 3:1/4 / 18.125 15/ 7/1987 S	99 5/8		18.19
150	1980* / 100.00	SWEDEN,KINGDOM 5.25:1/4 / 16.813 19/12/1988 S	98 1/2		17.07
150	1979 / 100.00	SWEDEN,KINGDOM OF * 1/4 / 18.938 18/10/1991 Q	99 5/8		19.20
85	1981* / 100.00	TAMSA 9.5:3/4 / 19.688 27/ 7/1989 S	97 1/2		20.19
35	1979 / 100.00	TEXAS INT AIR CAP 7:3/4 / 19.50 11/ 4/1986 Q	86 1/2		22.54
25	1979 / 100.00	TAT FARMER INT 7.25:1/4 / 18.00 21/ 6/1984 S	96 1/2		16.27
30	1979 / 100.00	THAILAND,KINGDOM 7:1/4 / 18.188 15/ 3/1984 S	99 1/4		19.33
40	1979 / 100.00	TRADE DEV FIN SERV 6:1/4 / 19.125 21/ 8/1986 S	99 1/2		19.22
30	1979 / 100.00	TVO POWER (D-LOCK) 9:1/4 / 18.25 24/ 5/1991 S	95 5/8		18.89
25	1977 / 100.00	U.B.A.F. 7.25:1/4 / 17.75 7/12/1982 S	99 7/8		17.77
25	1977 / 100.00	U.B.A.F. 6.75:1/4 / 17.938 23/ 3/1982 S	99 3/4		17.98
65	1979 / 100.00	U.B.A.F. 5.5:1/4 / 18.063 9/ 1/1990 S	98 1/8		16.41
30	1977 / 100.00	UNION BK-FINLAND 6.5:1/4 / 16.813 20/ 4/1982 S	100		16.31
20	1980* / 100.00	UNION BANK NORWAY 6:1/4 / 18.125 8/ 1/1989 S	98 3/8		18.42
25	1976 / 100.00	UNITED OVERSEAS BK 7:1/4 / 18.188 24/11/1981 S	99 5/8		15.26
25	1978 / 100.00	UNITED OVERSEAS BK 6:1/4 / 19.563 4/ 5/1983 S	100 1/8		19.34
25	1979 / 100.00	UNITED OVERSEAS BK 6:1/4 / 18.375 29/ 3/1989 Q	99 1/8		16.54
25	1976 / 100.00	URQUIJO INTL 7.25:1/4 / 18.063 21/12/1981 S	99 3/4		18.11
30	1979 / 100.00	URQUIJO INTL 6:1/4 / 17.75 21/ 3/1986 S	99 1/4		17.88
75	1981* / 100.00	VITRO E91 8.0:5/8 / 19.00 21/ 7/1988 S	95 1/4		19.95
25	1976 / 100.00	VIZCAYA INT 7.25:1/4 / 19.438 12/11/1981 S	100		19.44
25	1980* / 100.00	JIM WALTER INT 6:1/2 / 18.375 15/ 1/1988 S	97 1/2		18.85
40	1977 / 100.00	WILLIAMS & GLYNS 6.5:1/4 / 19.50 28/ 2/1984 S	101		19.31
75	1979 / 100.00	WILLIAMS & GLYN 5.75:1/4 / 18.375 14/ 9/1991 S	99 1/2		18.47
30	1981* / 100.00	ZENTRAL UND KOM 5.25:1/4 / 18.063 9/ 7/1991 S	99		18.24
		AUSTRALIAN DOLLARS			
15	1976 / 99.25	AUSTRALIAN IND DEV CORP / 10.00 1/10/1983	88	17.62	11.36
30	1980 / 99.50	AUSTRALIAN IND DEVT CORP / 12.25 15/10/1985	87	16.93	14.08
10	1977 / 100.00	AUSTRALIAN RESOURCES / 10.00 1/12/1982	91	19.17	10.99
15	1978 / 100.00	CITICORP O/S FIN 883 / 10.50 15/ 2/1983	91	18.30	11.54
15	1979 / 99.50	CITICORP O/S FIN E89 / 11.00 1/ 2/1984	91	15.80	12.09
12	1978 / 100.00	BANK OVERSEAS HOLDINGS / 11.50 1/ 7/1983	89 1/2	18.96	12.83
		AUSTRIAN SCHILLINGS			
150 / 45.0	1971 / 98.50	ASIAN DEVELOPMENT BANK / 7.00 20/12/1983 S	98 1/2	7.89 / 10.07	7.23
350 / 326.7	1979 / 99.50	EUROFIMA / 8.00 4/12/1994	85	10.10 / 11.32	9.41
400	1978 / 99.80	EUROPEAN INVESTMENT BANK / 7.75 22/12/1986	86 1/2	11.29	8.96

[illegible]

هكذا من الأصل

30th SEPTEMBER 1981 WestLB Euro-Deutschmarkbond Quotations and Yields

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment S=sinking fund D=drawing by lot at par P=purchase fund
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WestLB SD Certificates (Schuldschein-Index)

5 years maturity: 11.20%

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WestLB Euro-Deutschmarkbond Yield Index

Sept. 30, 1981: 11.49% (Aug. 31, 1981: 11.72%)

WestLB Euro-Deutschmarkbond Quotations (Continued)

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment: D-mandatory drawing by lot at par S-sinking fund P-purchase fund
7½% Sun Oil Int. Fin. 73/88	90.25	8.31	9.49	6.83	1. 8.78—88S
7¼% Svenska Cell. 73/88	84.75	8.55	10.67	6.38	1. 3.78—88S
10¼% Svenska Hldg. Bk. 81/87	97.50	10.51	10.84	6.05	20.10.87
6¾% Sveriges Inv. Bk. 72/87	90.35	7.47	9.07	5.42	1. 3.78—87S
7% Sveriges Inv. Bk. 73/88	90.00	7.78	9.11	6.42	1. 3.79—88S
8½% Sveriges Inv. Bk. 75/83	98.35	8.64	9.66	1.87	1. 6.80—83S
6½% Sweden 77/84	90.00	7.22	11.13	2.58	1. 5.84
6% Sweden 77/89	78.15	7.68	10.04	8.17	1.12.83—89S
7¾% Sweden 79/89	84.50	8.17	10.79	7.75	1. 7.89
7½% Sweden 79/89 PP	81.25	9.23	11.21	7.83	1. 8.89
8% Sweden 80/87 PP	88.00	9.09	11.05	5.37	16. 2.87
9¾% Sweden 80/87	97.50	10.00	10.34	5.50	1. 4.87
9% Sweden 80/87 PP	91.50	9.84	11.08	5.62	15. 5.87
9¼% Sweden 80/87 PP	91.75	10.08	11.18	6.08	1.11.87
7⅞% Sweden 80/90	83.75	9.40	10.80	8.92	1. 9.90
9½% Swedish Export 80/87	94.50	10.05	10.76	6.17	1.12.84—87S
9% Tauernautobahn 75/82 PP (G)	98.50	9.14	12.58	0.42	1. 3.82
9% Tauernautobahn 75/83 PP (G)	96.75	9.30	11.52	1.42	1. 3.83
5½% Tauernautobahn 78/93 (G)	71.25	7.72	9.76	11.50	1. 4.84—93S
8½% Tauernautobahn 80/90 (G) PP	88.50	9.60	10.53	9.04	16.10.90
7% Tauernkraftwerke 68/83 (G)	96.00	7.29	12.63	0.82	1. 2.74—83D
6½% Tauernkraftwerke 68/83 (G)	98.00	6.63	7.78	1.92	1. 9.74—83S
8% Tenpfinco 73/93	83.90	9.54	10.40	12.06	1.11.82—93S
9½% Tenpfinco 75/82 PP	97.50	9.74	15.71	0.42	1. 3.82
6¾% Thailand 78/83 PP	90.00	6.94	14.02	1.50	1. 4.83
8½% Thyssen Car. Fin. 75/82 PP	98.50	8.63	11.51	0.50	1. 4.82
8¼% Thyssen Car. Fin. 75/82 PP	97.60	8.45	11.65	0.75	1. 7.82
7¼% Tokyo El. Power 69/84	92.40	7.85	13.06	1.59	1.12.75—84D
6½% Tokyo El. Power 79/85	88.00	7.39	10.68	3.58	1. 5.85
5½% Toyo Rubber 78/83 PP	88.00	6.25	12.66	2.00	1.10.83
6½% Traf. House Fin. 72/87	87.50	7.43	9.31	6.00	1.10.78—87S
6% Trinidad & Tobago 78/83	90.00	6.67	13.75	1.50	1. 4.83
6¾% Trondheim 68/83	90.50	7.46	12.19	2.17	1.12.72—83S
5¾% Trondheim 78/88	78.00	7.37	11.36	5.46	1. 4.86—88D
7½% T R W Int. Fin. 69/84	97.50	7.69	8.64	3.00	1.10.75—84S
6% T V O Power 78/88 (G)	77.50	7.74	11.12	6.33	1. 2.84—88S
5¾% UDS Group 78/83	88.75	6.48	12.71	1.92	1. 9.83
9¾% Unilever 74/81 PP	99.37	9.81	13.23	0.17	1.12.81
8½% Unilever 75/87	95.35	8.91	9.59	5.58	1. 6.81—87S
6½% Union Bank Finland 78/88	78.00	8.33	11.06	7.21	16.12.84—88S
5¾% Uniroyal 78/84 PP	80.75	7.12	14.48	2.83	1. 8.84
6¾% Unit. Arab. Emirats 77/82 PP	95.00	7.11	16.22	0.59	30. 4.82
7% Venezuela 68/83	97.00	7.22	8.85	2.00	1.10.74—83S
6% Venezuela 78/88	70.75	8.48	12.97	6.42	1. 3.84—88S
6½% Venezuela 78/90	70.50	9.22	12.00	9.08	1.11.85—90S
9¾% Venezuela 80/90	93.50	10.43	10.91	9.08	1.11.86—90
8¼% Vienna 75/84	96.75	8.53	10.28	1.80	1. 8.79—84D
5¾% Vienna 77/84 PP	85.50	6.73	11.38	3.21	15.12.84
8½% Voest-Alpine 73/88	90.50	9.39	10.48	7.00	1.10.79—88S
8½% Voest-Alpine 75/85	94.75	8.97	11.99	2.10	1. 6.81—85D
6¾% Voest-Alpine 77/89	82.00	8.23	11.68	5.01	1. 5.84—89D
6½% Wells-Fargo ex w. 73/88	81.25	8.00	10.36	7.08	1.11.79—88S
8¾% Westland-Utrecht 80/85 PP	81.75	10.70	16.03	3.42	1. 3.85
9% Westland-Utrecht 80/87 PP	76.75	11.73	15.09	6.08	1.11.87
5½% Worldbank 65/85	97.50	5.64	6.41	3.50	1. 4.71—85S
6½% Worldbank 68/84 PP	93.50	6.95	12.52	1.21	2. 1.77—84D
6½% Worldbank 69/84	92.50	7.03	12.02	1.63	1. 6.76—84D
6½% Worldbank 69/84 PP	93.00	6.99	13.03	1.21	2. 1.77—84D
6% Worldbank 69/84 PP	91.75	6.54	12.45	1.46	1. 4.77—84D
8% Worldbank 70/86	94.00	8.51	11.28	2.14	1. 1.77—86D
7½% Worldbank 71/86 I	91.50	8.20	11.49	2.56	1. 6.77—86D
7½% Worldbank 71/86 II	90.00	8.33	11.54	3.06	1.12.77—86D
6½% Worldbank 72/82	97.00	6.70	10.79	0.75	1. 7.82
6¾% Worldbank 72/87	89.00	7.58	11.80	2.76	1. 3.78—87D
6¾% Worldbank 73/83	94.60	7.14	11.27	1.33	1. 2.83
6⅜% Worldbank 73/88	86.00	7.41	11.60	3.36	7. 5.79—88D
8¼% Worldbank 75/82 PP	98.50	8.38	10.55	0.67	1. 6.82
8% Worldbank 75/82	97.65	8.19	10.19	1.17	1.12.82
8¼% Worldbank 75/83	97.00	8.51	10.18	1.75	1. 7.83
8% Worldbank 76/82 PP	97.20	8.23	11.84	0.83	1. 8.82
7¾% Worldbank 76/82 PP	96.60	8.02	11.54	1.00	1.10.82
7½% Worldbank 76/83	94.75	7.92	11.23	1.58	1. 5.83
7¾% Worldbank 76/83	95.50	8.12	10.36	2.00	1.10.83
6¾% Worldbank 76/83 PP	91.50	7.38	11.37	2.17	1.12.83
8% Worldbank 76/84	94.76	8.44	10.61	2.33	1. 2.84
5½% Worldbank 77/82 PP	94.75	5.80	11.60	0.96	15. 9.82
7% Worldbank 77/85 PP	87.25	8.02	11.70	3.42	1. 3.85
6½% Worldbank 77/85 PP	86.50	7.51	11.25	3.58	1. 5.85
6% Worldbank 77/85	86.85	6.91	10.20	3.96	15. 9.85
7% Worldbank 77/87	85.80	8.16	10.65	5.25	1. 1.87
6½% Worldbank 77/87	82.60	7.87	10.79	5.58	1. 5.87
5¾% Worldbank 78/84	88.25	6.52	10.76	2.83	1. 8.84
6% Worldbank 78/88	77.50	7.74	10.82	6.83	1. 8.88
6¼% Worldbank 78/88	78.25	7.99	10.75	7.17	1.12.88
5¾% Worldbank 78/90	75.70	7.60	11.01	8.77	1. 2.87—90D
7% Worldbank 79/85 PP	87.25	8.02	11.26	3.83	1. 8.85
7¼% Worldbank 79/87 PP	82.50	8.64	11.38	5.83	1. 8.87
7¾% Worldbank 79/91	83.50	9.28	10.53	9.75	1. 7.91
10% Worldbank 80/86	101.25	9.88	9.62	4.58	1. 5.86
8½% Worldbank 80/88 PP	88.00	9.66	11.12	6.67	1. 6.88
9% Worldbank 80/88 PP	91.50	9.84	10.85	6.58	1. 5.88
7⅞% Worldbank 80/90	84.40	9.33	10.81	8.25	1. 1.90
7⅞% Worldbank 80/90 II PP	83.75	9.40	10.95	8.25	1. 1.90
10% Worldbank 80/90	99.25	10.08	10.11	8.58	1. 5.90
8% Worldbank 80/90	86.00	9.30	10.50	8.83	1. 8.90
7¾% Worldbank 80/88 PP	85.25	9.09	10.91	6.83	1. 8.88
9¼% Worldbank 81/91	92.10	10.04	10.62	9.25	1. 1.91
10% Worldbank 81/91	98.65	10.14	10.21	9.88	1. 8.91
10½% Worldbank 81/91	99.00	10.61	10.66	9.83	1. 8.91
11% Worldbank 81/91	103.75	10.82	10.88	9.91	1. 9.91
6¾% Yokohama 68/83 (G)	99.50	6.78	7.15	1.92	1. 9.72—83S
7% Yokohama 69/84 (G)	97.75	7.16	8.01	3.00	30. 9.73—84S
8% Yokohama 71/86 (G)	97.75	8.18	8.58	4.83	1. 8.77—86S
8% Yugosl. Inv. Bank 77/94 PP	88.75	9.01	12.44	3.21	15.12.79—84S

INVESTMENT FUNDS

The following funds include Eurobond issues within their portfolios

Quotations & yields as at 30th September, 1981

SOCIETE GENERAL De BANQUE

BANQUE GENERALE Du LUXEMBOURG

Funds 30/9/1981	Price	First Issue Price	Yield %	Div. Date	1/10/80 High	30/9/81 Low	1/10/78 High	30/9/81 Low
Rentinvest	LuxFr 868	LuxFr 1000	8.96	20/11/80	LuxFr 894	LuxFr727	LuxFr 918	LuxFr 727
Capital Rentinvest	LuxFr 1732	LuxFr 1000	(Capitalisation)	(71)	LuxFr 1793	LuxFr 1399	LuxFr 1793	LuxFr 1321

The Association of International Bond Dealers

MARKET MAKERS

REGION 1 - BELGIUM

Dewaay, Sebille, Servais
Kredietbank N.V.

REGION 2 - FRANCE

Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banque de l'Union Européenne
Banque Nationale de Paris
Credit Commercial de France Paris
Credit Lyonnais
Banque NMB-Interunion

REGION 3 - GERMANY/AUSTRIA

Commerzbank AG
Deutsche Bank AG
Dresdner Bank AG
Westdeutsche Landesbank Girozentrale
Creditanstalt Bankverein
Girozentrale und Bank der österreichischen Sparkassen AG

REGION 4 - ITALY

Banca Commerciale Italiana Milan
Banco Ambrosiano S.p.A.
Banco di Roma
Credito Italiano
Istituto Bancario Italiano
Istituto Bancario San Paolo di Torino

REGION 5 - LUXEMBOURG

Banque Générale du Luxembourg S.A.
Banque International à Luxembourg S.A.
Bayerische Landesbank International S.A.
Dewaay Luxembourg S.A.
Kredietbank S.A. Luxembourgeoise
Swiss Bank Corporation (Luxembourg)

REGION 6 - NETHERLANDS

H. Albert de Bary & Co. N.V.
Algemene Bank Nederland N.V.
Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope
Barclays Kol & Co. N.V.
Centrale Rabobank Utrecht
Bank Van der Hoop, Offers N.V.
Bank Morgan Labouchere N.V.
F. van Lanschot
Nederlandsche Middenstandsbank N.V.
Nederlandse Credietbank N.V.
Ottervanger Effectenkantoor B.V.
Pierson, Heldring & Pierson
Slavenburg, Oyens & Van Eeghen N.V.

REGION 7 - NORDIC

Bank of Helsinki Ltd. (Helsingfors Aktiebank)
Bergen Bank
Christiana Bank og Kreditkasse
Den norske Creditbank
Den Danske Bank of 1871 Aktieselskab
R. Henriques jr. Bank-Aktieselskab
Kansallis-Osake-Pankki
Kjöbenhavns Handelsbank
Postipankki
Privatbanken Aktieselskab
Skandinaviska Enskilda Banken
Skopbank
Sparekassen SDS
Union Bank of Finland (Nordiska)
Föreningsbanken (AB)
Union Bank of Norway

REGION 8 - SWITZERLAND

Bondpartners S.A.
Credit Suisse/Swiss Credit Bank
Swiss Bank Corporation
Union Bank of Switzerland

REGION 9 - UNITED KINGDOM

Akroyd & Smithers Ltd.
Amro Int. Ltd.
Bache Halsey Stuart Shields
Bank of America International Ltd.
Bankers Trust International Ltd.
Blyth Eastman Paine Webber Ltd.
Chase Manhattan Ltd.
Chemical Bank International Ltd.
C.I.B.C. Ltd.
Citicorp International Bank Ltd.
Continental Illinois Ltd.
Credit Commercial de France (Securities) Ltd.
Credit Suisse First Boston Ltd.
Cresvale International
Daiwa Europe Ltd.
Dean Witter Reynolds Overseas Ltd.
Deltec Trading Company Ltd.
Dillon, Read Overseas Corporation
Dominion Securities Ltd.
Donaldson, Lufkin, Jenrette Int.
European Banking Company Ltd.
First Chicago Ltd.
Robert Fleming & Co.
Goldman Sachs International Corp.
Hambros Bank Ltd.
IBJ International Ltd.
Italian International Bank Ltd.
Kidder Peabody Securities Ltd.
Kuhn, Loeb Lehman Brothers International
London & Continental Bankers Ltd.
Lloyds Bank International Ltd.
Manufacturers Hanover Ltd.
McLeod, Young Weir International Ltd.
Merrill Lynch, Pierce, Fenner and Smith (Brokers & Dealers) Ltd.
Midland Doherty Ltd.
Morgan Guaranty Ltd.
Morgan Stanley International
New Japan Securities Europe Ltd.
The Nikko Securities Co. (Europe) Ltd.
Nomura International Ltd.
Nordic Bank Ltd.
Ord Minnett
Orion Royal Bank Ltd.
Pinchin, Denny & Co.
PKB Investments
Ross & Partners
Salomon Brothers International Ltd.
Samuel Montagu & Co. Ltd.
Scandinavian Bank Ltd.
Smith Barney, Harris, Upham & Co. Inc.
Societe Generale Strauss Turnbull Ltd.
Sumitomo Finance International
Vickers, da Costa & Co. Ltd.
S. G. Warburg & Co. Ltd.
Wedd Durlacher Mordaunt and Co.
Westdeutsche Landesbank Girozentrale
White Weld Securities
Wood Gundy Ltd.
Yamaichi International (Europe) Ltd.

REGION 10 - UNITED STATES

Arnhold and S. Bleichroder Inc.
Bear Stearns & Co.
Drexel Burnham Lambert Inc.
First Boston Corporation
Kidder, Peabody & Co. Inc.
Lehman Bros. Kuhn, Loeb Inc.
Lazard Freres & Co.
Merrill Lynch, Pierce Fenner Smith Inc.
Salomon Brothers
Atlantic Capital Corporation

REGION 11 - MIDDLE EAST

Arab Banking Corporation
The Arab Co. for Trading Securities S.A.K.
National Bank of Abu Dhabi

AIBD

EXPLANATORY NOTES AND ABBREVIATIONS

SPECIAL REFERENCES

1. General—attached to name of borrower

D = Domestic Management Group
L = Bondholders option to redeem loan prior to maturity or to extend maturity
P = Private or semi-private placement
MC = Principal/interest payable in more than two currencies
W = Withholding taxes (with percentage rate %)
WW = With warrants
XW = Ex warrants

2. £/DM issues

The figures shown are the fixed £/DM parities which prevail over the lives of the issues.

3. Floating rate issues

The figures given are the minimum coupon rate: % margin above LIBOR.

4. Attached to maturity description

S = Semi-annual payments
Q = Quarterly payments

5. Convertible issues

The share price is always denominated in the same currency as the conversion price. Please note that where the premium exceeds 200% no fig. is shown in premium/discount column.

The following convertible bonds are subject to convertibility into the indicated stocks.

NAME OF BOND			CONVERTIBLE INTO
American Tobacco Int.	5¾	1988	American Brands Inc.
Asia Navigation Int.	6½	1989	East Asia Navigation Co.
Bankers Int. (Lux.)	5	1986	Bankers Trust New York
Broadway—Hale Stores	4¾	1987	Carter Hawley Hale
Burmah Oil	5½	1988	Shell Transport & Trading
Chevron Oil O/S	5	1988	Standard Oil of California
Dart Industries	4¾	1987	Minnesota Mining & Manufacturing
Inter-Continental Hotels	7	1986	Pan-Am World Airways
Int. Standard Elec.	5	1988	*International Tel & Tel*
Int. Standard Elec.	6¼	1988	International Tel & Tel
Int. Standard Elec.	6¼	1989	International Tel & Tel
ISE Finance Holding	4½	1986	International Tel & Tel
Leasco Int.	5	1989	International Tel & Tel
Levin-Townsend Int. Fin.	5	1988	Rockwood Computer
Norwich OS	4¾	1983	Morton-Norwich Products
Owens-Illinois	4½	1987	Owens-Corning Fibreglass
Plywood Champion Int.	5½	1983	Champion Int.

COUNTRY	ISSUE/COUPON/MATURITY			EXCHANGE RATE	
DENMARK	Novo Industri	7	1989	D.Kr.5.344	= $1
FRANCE	*Michelin Int. Dev.*	6	1985	F.Fr.5.554	= $1
HONG KONG	Asia Navigation Int.	6½	1989	$HK5.07	= $1
ISRAEL	Leumi Int. Inv.	7	1984	£1 10.1026	= $1
JAPAN	Asahi Chemical	6¼	1990	Yen 303.0	= $1
	Asahi Optical	6	1982	Yen 282.0	= $1
	Asahi Optical	7	1994	Yen 222.13	= $1
	Asics	5¾	1993	Yen 216.0	= $1
	Canon Inc.	6¾	1994	Yen 216.45	= $1
	Dai Nippon Printing	6¼	1986	Yen 360.0	= $1
	Daiei Inc.	6	1991	Yen 300.0	= $1
	Daiei Inc.	6½	1994	Yen 224.3	= $1
	Daiwa House Ind.	7¼	1991	Yen 301.0	= $1
	Hitachi Ltd.	6¾	1984	Yen 360.0	= $1
	Hokushin Electric	6¾	1992	Yen 248.0	= $1
	Honda	5½	1989	Yen 201.60	= $1
	Ito-Kokado	5¾	1993	Yen 213.5	= $1
	Ito-Kokado	6	1992	Yen 272.0	= $1
	Jusco	6	1992	Yen 227.4	= $1
	Kao Soap	6	1992	Yen 266.0	= $1
	Komatsu Manf.	6¾	1984	Yen 380.0	= $1
	Komatsu Ltd.	7¾	1990	Yen 294.2	= $1
	Kubota	8¼	1991	Yen 303.0	= $1
	Marui	6½	1991	Yen 299.0	= $1
	Matsushita Elec.	6¾	1990	Yen 303.0	= $1
	Meidensha	11	1994	Yen 223.82	= $1
	Mitsubishi Elec.	7	1985	Yen 360.0	= $1
	Mitsubishi Gas Chem.	6	1992	Yen 272.0	= $1
	Mitsubishi Heavy Ind.	6½	1991	Yen 305.55	= $1
	Mitsubishi Corp.	6	1992	Yen 267.0	= $1
	Mitsubishi Corp	7½	1990	Yen 293.0	= $1
	Mitsubishi Corp.	6¾	1991	Yen 301.0	= $1
	Mitsubishi Corp.	7¼	1994	Yen 224.74	= $1
	Mitsui & Co.	7¼	1990	Yen 298.0	= $1
	Mitsui & Co.	8¼	1989	Yen 299.0	= $1
	Mitsui Real Estate	6	1992	Yen 267.8	= $1
	Nippon Seiko	7¾	1994	Yen 224.48	= $1
	Nitto Elec. Ind.	6	1992	Yen 264.13	= $1
	Nitto Elec.	6	1994	Yen 219.64	= $1
	Ricoh	6¼	1991	Yen 295.0	= $1
	Sanyo Electric	6¾	1991	Yen 293.55	= $1
	Sanyo Electric	7½	1990	Yen 302.17	= $1
	Settsu Paperboard	6½	1992	Yen 243.0	= $1
	Sumitomo Elec.	6	1992	Yen 267.0	= $1
	Sumitomo Metal	6	1992	Yen 287.5	= $1
	Takeda Chemical	6	1984	Yen 360.0	= $1
	Takuni Dept. Store	6	1992	Yen 286.0	= $1
	Toshiba	6¼	1992	Yen 254.0	= $1
	Toshiba	6¾	1990	Yen 295.8	= $1
	Toshiba	7¼	1994	Yen 226.45	= $1
NETHERLANDS	Ennia	7¾	1992	D.Fl.2.4565	= $1
	All other issues			D.Fl.3.80	= $1
SINGAPORE	Dev. Bank of Singapore	6½	1991	S$2.44	= $1
	United Overseas Bank	6½	1988	S$2.32	= $1
SOUTH AFRICA	*Rand Selection Corp.*	6½	1986	RD0.7143	= $1
SWEDEN	Aga	7¾	1989	SwKr4.31125	= $1
	Esselte	7¾	1989	SwKr4.35875	= $1
	Sandvik	6¾	1988	SwKr4.7825	= $1
UK	Babcock Nederland	7	1991	£0.574	= $1
	Beecham Fin.	6¾	1992	£0.574	= $1
	Boots	6¾	1993	£0.529	= $1
	Burmah Oil	5½	1988	£0.417	= $1
	Burton B.V.	5¾	1982	FFr.11.88225	= $14
	Compair (UK)	8½	1987	£0.582	= $1
	ICI Int. Fin.	6¾	1987	£0.574	= $1
	Inchape (Bermuda)	6¾	1992	£0.582	= $1
	Rank Organisation	4¾	1993	£0.425	= $1
	Slater Walker	5½	1987	£0.385	= $1
	Thorn Int. Fin.	7	1988	£0.530	= $1

Union Bank of Switzerland (Lux.) 5% 1981 differs from other convertibles in that the bonds are denominated US$1350 and each bond is convertible into 1 Bearer share of S.Fr.500 nominal value of UBS.

Credit Suisse (Bahamas) 4¾ 1991 differs from other convertibles in that the bond is denominated US$1000 and each bond is convertible into 1 Bearer Share of S.Fr.500 nominal value of Credit Suisse.

The following convertible issues have conversion rights which expire *prior to maturity*.

NAME OF BOND		MATURITY	CONVERSION RIGHTS EXPIRE
Asahi Chemical	6¼	30/9/1990	15/8/1990
Dai Nippon Ptg.	6¼	31/5/1986	30/4/1986
Hitachi	6¾	30/9/1984	31/8/1984
Mitsubishi Elec.	7	31/3/1985	28/2/1985
Rand Selection	6½	1/3/1986	31/1/1986
Takeda Chem.	6	31/3/1984	28/2/1984
Toshiba	6¾	30/9/1990	15/8/1990

6. Denomination of non-dollar bonds

Euro-guilders — all denominated	Fl. 10,000
French Francs — all denominated with the exception of	FFr. 5,000
Aerospatiale	FFr. 10,000
European Coal & Steel 7% 1980	FFr. 10,000
European Coal & Steel 7½% 1991	FFr. 10,000
Française de Petroles — BP	FFr. 10,000
Philips Lamps 10¼% 1990	FFr. 50,000
Roussel — Uclaf	FFr. 10,000
SOPAD	FFr. 50,000
STERLING-DEUTSCHE MARKS	
Enso Gutzeit 6½% 1980	£100; £500
ICI 8% 1986	£500
Ireland 7% 1981	£500; £500
Ireland 7% 1988	£500
Met. Estates 6¾% 1987	£500
New Zealand 6¾% 1982	£90; £450
Rothmans Int. 6¾% 1992	£500
Sira Kvina 7¾% 1983	£100; £500
Turm 6½% 1984	£100; £500
US Rubber 6% 1989	£100; £500

7. Yield calculations

All yields are calculated on annual rates e.g. a 10% bond standing at par, paying interest once p.a. will have a current and maturity yield of 10%. A 10% bond paying semi-annually would yield 10.25%. Market practice demands that the current yield on $ floating rate bonds is calculated as coupon/price.

8.

These securities have not been registered under the Securities Act of 1933 and may not be offered or sold directly or indirectly in the United States, its territories or possessions, or to nationals or residents thereof.

The information is from reports from official and other sources which we consider reliable, but adequate means of checking its accuracy are not available and we do not guarantee that the information contained herein is accurate or complete.

9. Other notes

The amounts shown as remaining outstanding are estimated by applying the scheduled sinking fund instalments. These are further adjusted where a non-cumulative option to double sinking-fund payments has been exercised.

Yields are calculated in accordance with Rule 803 of Statutes, By-Laws, Rules and Recommendations of the AIBD using compound interest throughout. Negative yields are not shown.

The maturity, average life and first call yields are adjusted to a 360 day annual rate.

Yield to next call is shown on the basis that the borrower gives notice that he wishes to call the bond as soon as possible after the date of publication of this list.

Unit of account bonds

The new units of account formula applies to issues from 1973 onwards and the old formula to issues in or prior to 1972.

All payments of interest and capital of EUA bonds are made on the basis of the strongest reference currency, which means that the bondholder receives the equivalent in his own currency of the EUA/strongest reference currency parity prevailing at the time of payment. The EUA can thus at any given time be identified with the strongest reference currency. For convenience sake, however, bonds are quoted on the secondary market on the basis of the EUA/DM parity prevailing at the time of quotation. In order to be correct, yields for EUA bonds should be calculated on the basis of the strongest reference currency. For this purpose the price in DM is converted into the price in the strongest reference currency, taking into account the premium (if any) of the strongest reference currency against the DM. It is on the thus reduced price that the yield calculations are made.

COMMODITIES AND AGRICULTURE

U.S. interest rate rises hit futures

By Nancy Dunne in Washington

THE HIGH interest rates plaguing so many sectors of the U.S. economy are now taking their toll on the futures markets here.

"The only thing holding up the markets now are the local traders and the hedgers" says Mr Lee Rose, of Futures Industry Newsletter.

The high cost of loans is deterring traders who normally borrow to speculate, who are also being frightened away by high margins. The agricultural markets have been running sideways and slipping and speculators are "getting whipsawed to death" by rumours and announcements of government sales according to Mr Rose.

Contracts traded on all the exchanges have slipped markedly, from 4.5m last September to 3.95m this year. Leading the decline are soyabeans, maize, wheat and other agricultural commodities. Silver and copper are both lagging about 20,000 contracts behind this time last year.

Much of the investment money here is going into money market bonds and savings devices like the new All Savers Certificates which require no risk.

Australian meat inquiry opens

MELBOURNE — An investigation began yesterday into the export of horse and kangaroo meat as prime Australian beef which has jeopardised the country's trading reputation.

The Royal Commission of Inquiry, headed by former Australian counter-espionage chief Albert Woodward, was announced by the Government last month after discoveries of horse and kangaroo flesh in consignments labelled as beef.

At a short opening hearing yesterday, counsel for the only man arrested in the case so far, Richard Vincent Hammond, 35, said his client had volunteered to give evidence to the commission.

Mr Hammond, a meat exporter, faces 71 charges of forging official export documents or stamps.

The meat faking scandal first came to light in August when a U.S. inspector found horsemeat in a carton imported from Australia as boneless beef.
Reuter

Cocoa market rally continues

BY OUR COMMODITIES STAFF

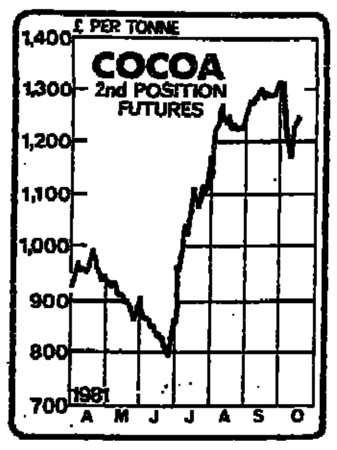
THE RALLY in London cocoa prices continued yesterday, encouraged by a further decline in sterling. The March position on the futures market climbed to £1,253 a tonne at one stage before ending the day £17.50 up at £1,247 a tonne. This took the rise from the low point reached last Thursday to £76 a tonne.

Traders said yesterday's rise may also have been influenced by news that 10,000 employees of the Ghana Cocoa Marketing Board's (CMB) cocoa products division had gone on strike. The workers, from the Eastern and Brong Ahafo regions are protesting at the deletion of their division from the new CMB under legislation passed by Parliament in August. A large amount of cocoa beans and 13m young trees will be in danger if the strike continues, the Ghana News Agency said.

The halting last week of support buying operations under the new International Cocoa Agreement (ICCA) seems to have done little to discourage the recent rise. In fact the rise started, coincidentally immediately after buying ceased.

After eight days of support buying, in which it spent more than half its $230m fund on 61,325 tonnes of cocoa in a vain attempt to stem the price agreement's decline, the buffer stock has been out of the market for four days. Today will be the fifth.

The earlier buoyancy of the market had been largely based on anticipation of support buying under the Agreement but once this actually started it was quickly recognised that the existing fund, equivalent to around 90,000 tonnes of cocoa, was unlikely to be sufficient to lift the price of cocoa to the official "floor" level of 100 U.S. cents a lb in view of the estimated 500,000 to 700,000 of world stocks overhanging the market. Yesterday the ICCA daily price stood at 101.27 cents a lb.



Further money will become available through export levies and the buffer stock is empowered to borrow to finance support buying. But even so the market appears to have little confidence in its ability to boost prices while world production continues to exceed demand by a substantial margin.

The buffer stock manager is understood to be seeking permission to operate a more discreet buying system than the present one, under which he has to announce the price in advance and reavel his purchases daily. If allowed this could enable him to use available funds more effectively.

Sharp drop in lead and zinc

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD AND zinc prices dropped sharply on the London Metal Exchange yesterday as market sentiment turned "bearish" on the demand prospects in the coming months. The decline was encouraged by news that representatives of workers at the Irish lead/zinc producer, Tara Mines, are planning to meet tomorrow the Irish Trades Union Congress for exploratory talks on ending the 17-week-old strike at the company's Navan mine.

The company told Reuter in Dublin that it was hoped common ground would be found to pave the way for a settlement of the stoppage.

Tara produces mainly zinc concentrates and is particularly important as a supplier to European smelters. A settlement of the long strike could have a considerable impact, since the European smelters are becoming increasingly worried about the effect of the recent increase in the European zinc producer price to $1,000 a tonne. Consumer buying interest remains sluggish, and following the recent price cuts in North American zinc producer price levels there is some pressure for a reduction in European zinc values. Yesterday cash zinc on the London Metal Exchange fell by £18.5 to £470 a tonne.

Cash lead fell by £19.5 to £348 a tonne, reflecting hopes of an end to the Tara strike and general pessimism about the forecast trend in demand, both in the U.S. and the rest of the world.

Copper was affected by the same sentiment, but prices closed slightly higher. However traders felt that both the lead and zinc markets were probably overbought so a technical reaction was overdue.

Reuter reported from Lima that the Peruvian state minerals marketing agency Minero Peru Comercial (Minpeco), plans to sell overseas next year 335,000 tonnes of copper and 127,000 tonnes of lead.

Silver stockpile sale

BY OUR COMMODITIES STAFF

THE SILVER market remained uncertain yesterday waiting for the results of the first offering of 1.25m ounces of surplus silver from the U.S. strategic stockpile, due to be held today. The effect of the sales has been largely discounted already by the market, but this week has seen two new developments.

One is confirmation that the stockpile sales will be confined to domestic American buyers only. The other, announced yesterday, is that the New York metals exchange, Comex, will not accept stockpile silver for delivery.

Both these developments have little direct impact. The confinement of stockpile silver sales to domestic buyers only is easily circumvented by trading groups that switch supplies of metals around the world on a day-to-day basis.

Equally the fact that Comex will not accept delivery of stockpile silver is irrelevant in that stocks can be transferred to different delivery points.

These manoeuvrings basically reflect the market doubts about the resumption of surplus silver by the U.S. stockpile at a time when prices are already depressed by poor demand.

High cost of free range eggs

By Richard Mooney

ADOPTION OF the free range egg production system in place of the intensive battery cage system would add around 32p to the cost of producing a dozen eggs, according to a Ministry of Agriculture report* published yesterday.

Other alternative systems would involve a much smaller cost penalty, however. The report shows the deep litter and straw yard systems would each add a relatively modest 6.9p a dozen to egg production costs.

Labour costs per dozen eggs would rise from 1.5p for battery production to 3.2p for deep litter, 4p for straw yards or a massive 17.7p for free range. Meanwhile average annual egg production per bird would drop from 260 in batteries to 245 in deep litter or straw yards or 220 in the free range system.

The dearest system in terms of capital investment per bird would be deep litter at £7.30 followed by £7.20 for free range, £6.85 for straw yards and £5 for battery cages, the report shows.

The comparison was based on a 10,000-bird unit, which the authors admitted would be undersized as a viable battery unit and a vast undertaking on free range. For deep litter or straw yards it would be a reasonably-sized unit, they said.

** A cost comparison of commercial egg production systems —The effects of increased cage space allowances on the costs of commercial egg production. Price £1.50.*

Oilseed demand outlook brighter

WORLD demand for oilseed products should brighten in 1981-82, with oils usage rising about 5 per cent to 38.07m tonnes and meal demand picking up substantially from December and January, according to Oil World.

Stocks of oils and fats are expected to end the season down to only 11.3 per cent of annual usage compared with the 14 per cent high reached in October 1980. But Oil World says oilseed stocks will continue to rise because product demand will still not be sufficient to absorb all the increase in supplies.
Reuter

CITRUS FRUIT

Spain prepares to export a smaller but better crop

BY A CORRESPONDENT

PROSPECTS FOR Spanish citrus exports to the UK, which resume next week, appear less than ideal with a crop estimated to be 11.4 per cent lighter than the last one and sterling 15 per cent down against the peseta from the 1980-81 peak.

The dip in volume comes at a time when, after years in which consumption remained static at 5 kilos a head, the British appetite for citrus has begun to grow. Were supplies available, it is likely that we would buy from Spain considerably more citrus this season than the £40m we took in 1980-81.

Now, however, the relative scarcity of Spanish citrus, exports of which account for about two-thirds of a national crop approaching 3m tonnes, will tend to push prices up throughout Europe, and British consumers who last season, thanks to the strength of sterling, were paying the same as they had been three years earlier, will, as the pound falls, see citrus prices surge.

Spanish exporters cannot be expected to discount their produce in an effort to hold the ground they have recently gained in Britain. Although on the face of it Spain's last two seasons have looked impressive, with record sales as markets responded to improvements in quality and an increase in the proportion of "soft" citrus in relation to oranges, behind the scenes all has not been well.

The drift of labour from the land, annual increases of 15 per cent to 20 per cent in wages, social security charges and production materials, the growth of competition from other Mediterranean sources and historical problems of agricultural units that are in many cases too small for efficiency have made life for exporters so difficult that the government has just granted them a four-year low-interest credit of Pta 4,000m (£24m) to ease hardship suffered over the past three years. The exporters had asked for Pta 6,000m. Spain's total citrus exports last season realised Pta 65,000m (£375m).

Spain's suppliers hope, however, that British consumers will appreciate that they have for some years been spared the increases that have accompanied practically every other household purchase they make, and that their move towards more normal European citrus consumption will not lose its momentum.

There are reasons why such hopes may not be in vain. They concern, in part, reforms that have been going on in the pattern of citrus varieties offered here. Some years ago Spain realised that it would not be good enough to keep on producing the navals and valencias on which the industry had traditionally based its exports.

Older types of fruit such as blood oranges were eliminated first, and then the tonnage of satsumas and other mandarine types of soft citrus began to climb.

Hardly had the satsuma triumph been consolidated, however, giving Spain a firmer foothold in the British market in the pre-Christmas period before the weight of competition from Morocco, Israel, Turkey and other Mediterranean suppliers sets in, than satsumas themselves seem destined for eclipse by the even more successful clementine.

The rise of the Clementine against the satsuma is due partly to inflation. Although the satsuma had the advantage of being first on to the market and catching the season's generous opening prices, the superior quality of the clementine gains it a premium both to the producer in the field and from the consumer in the shop.

But these premiums have become increasingly less significant as they have been overtaken by such other costs as picking, transporting, commission and insurance, which are much the same for all varieties.

Along with varietal reforms, quality has undergone a fillip as cultural methods improve and producers practise restraint rather than rush to be first on to markets.

Such restraint is augmented this year by the fact that the crop, thinned by frost, wind and heat, will comprise larger fruit. All in all, the season will be one in which Spanish citrus will gain in quality if not in quantity.

Dominican sugar sales halted

BY RONALD BUCHANAN IN MEXICO CITY

THE DOMINICAN Republic's state sugar corporation, the Consejo Estatal de Azucar (CEA), has halted exports in an attempt to push the Caribbean nation's claim for special status as a supplier to the U.S.

The CEA accounts for 60 per cent of the Dominican Republic's sugar output, of which about 85 per cent — some 900,000 tonnes a year — is sold to the U.S.

The Dominican Republic will stake its claim for special treatment on 11 and 12 October, when the U.S. vice-president, Mr George Bush, visits Santo Domingo.

President Antonio Guzman has been angered by the U.S. decision to put a 1.5 cents per pound tariff on its sugar imports. Instead, he wants Washington to give the Dominican Republic an export quota at prices similar to those guaranteed to domestic producers (likely to be 18 cents a pound in 1982).

The new U.S. tariff barrier had dealt a "harsh blow" to the fragile Dominican economy, Mr Guzman said this week.

The slump in the price of sugar has further darkened the gloomy trade outlook for the Dominican Republic its other main commodity exports—gold and coffee—have also fallen sharply in price.

Sugar accounts for between 25 per cent and 40 per cent of the country's export earnings.

While the dispute with the United States goes on, the Dominican Republic is seeking new markets for its sugar elsewhere. The prospects, though, are far from bright. "We're doing everything possible," Mr Guzman said, "but we don't see many possibilities."

BRITISH COMMODITY MARKETS

BASE METALS

THE WEAKNESS of Lead and Zinc featured activity on the London Metal Exchange. Lead dropped to £393 before closing at £397 as heavy general selling was followed by stop-loss selling. Talk of a possible ending of the strike at Tara Mines, the Irish zinc/lead producer, prompted heavy short selling of Zinc, which touched £483.5 before closing at £487. Copper drifted to £936.5 while Tin held steady all day and was finally quoted at £8,352.5. Aluminium closed at £647.5 and Nickel at £2,892.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	903.5-4	—2	906-8	+2
3 mths	935-.5	—2.25	936-7	—.25
Settlem't	904	—2	—	.....
Cathodes				
Cash	901-.5	—.75	904-5	+2.25
3 months	935-.5	+2.5	932-3	+.75
Settlem't	901.5	—1.5	—	.....
U.S. Prod	—		*73.5	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £903.5, 4, three months £939, 38, 37.5, 37, 37.5, 37, 36, 35.5, 35. Cathodes, cash £901.5, three months £931. Kerb: Wirebars, three months £936, 37. Afternoon: Wirebars, three months £935, 35.5, 38, 37, 38, 37.5, 37. Kerb: Wirebars, three months £936, 35, 36, 35.5, 36. Turnover: 18,050 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8225-30	—22.5	8220-30	—10
3 months	8353-5	—15.5	8350-5	—5.5
Settlem't	8230	—30	—	.....
Standard				
Cash	8225-30	—22.5	8220-30	—10
3 months	8353-5	—15.5	8350-5	—5.5
Settlem't	8230	—30	—	.....
Straits E.	†$35.55	.....		.....
New York	—			

Tin—Morning: Standard, cash £8,230, three months £8,355. Kerb: Standard, three months £8,355. Afternoon: Standard, three months £8,351, 50. Turnover: 8,829 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	391.5-2	—12	385-5	—19.5
3 months	401-2	—10.7	393-4	—19
Settlem't	392	—12	—	.....
U.S. Spot	—	.....	*38-44	.....

Lead—Morning: Cash £391.5, three months £407, 6, 5, 4, 3, 2, 1, 2, 3, 2, 1.5, 1. Kerb: Three months £402, 1.5, 40, 399, 98, 99, 400. Afternoon: Three months £399, 98, 97.5, 97, 96, 95.5, 95, 93, 92.5, 93, 94. Kerb: Three months £394, 94.5, 95, 96, 97. Turnover: 15,225 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	476-7	—15	469-71	—18.5
3 months	491-.5	—12.2	483-4	—19
S'ment	477	—15	—	.....
Primw'ts	—	—	*45.5-50	.....

Zinc — Morning: Cash £478, three months £493, 92, 91, 92, 93, 94, 95, 93, 92, 91. Kerb: Three months £493, 92, 91.5. Afternoon: Three months £491, 90, 88, 89, 88, 87, 88, 87.5, 88, 87, 85, 84. Kerb: Three months £486, 87, 87.5. Turnover: 9,950 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	620-.5	+1.5	620.5-1	+.25
3 months	647-.5	+1.5	647-.5	—.5

Aluminium — Morning: Cash £620, three months £647.5, 48, 47.5, 47. Karb: Three months £647. Afternoon: Three months £646, 47. Karb: Three months £647.5, 48, 49, 48. Turnover: 5,375 tonnes.

Nickel — Morning: Three months £2,848, 5, 55, 5. Afternoon: Three months £2,855, 60, 70, 85, 70, 90, 95. Kerb: Three months £2,890, 85, 95. Turnover: 444 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2750-60	+22.5	2790-800	+58
3 months	2850-4	+18.5	2885-90	+50

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

SILVER

Silver was fixed 6.55p an ounce lower for spot delivery in the London bullion market yesterday at 498.1p. U.S. equivalents of the fixing levels were: spot $9.302, down 18.05c; three-month $9.661, down 18.7c; six-month $10.017, down 21.1c; and 12-month $10.772, down 21.3c. The metal opened at 500-505p ($9.25-9.35) and closed at 498-503p ($9.25-9.35).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	498.10p	—6.55	497.0p	—11.0
3 months	516.90p	—6.95	516.0p	—10.7
6 months	535.50p	—7.80	—	.....
12months	574.50p	—7.90	—	.....

LME — Turnover: 91 (82) lots of 10,000 ozs. Morning: three months 518, 18.5. Kerb: three months 518.5. Afternoon: three months 518, 17, 16.5, 16. Kerb: three months 516.

COCOA

Futures remained steady in mixed trading conditions with particular support for the nearby months being shown by dealers. Actuals business was again scarce, reports Gill and Duffus.

COCOA	Yes'rday's Close	— +	Business Done
Dec.	1249-50	+14.0	1256-40
March	1245-48	+17.5	1253-37
May	1245-47	+16.5	1254-38
July	1247-48	+15.5	1256-41
Sept	1252-53	+14.5	1262-47
Dec.	1256-61	+13.5	1265-56
March	1260-80	+11.5	—

Sales: 3,881 (4,784) lots of 10 tonnes.
ICCO — Daily price for October 13: 101.27 (100.76); indicator prices for October 14: 98.57 (100.10).

COFFEE

[illegible]

GAS OIL FUTURES

[illegible]

SUGAR

[illegible]

GRAINS

[illegible]

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Nov	105.85	+0.20	99.50	+0.30
Jan	109.15	+0.30	103.55	+0.55
Mar	112.75	+0.20	107.15	+0.15
May	116.65	+0.15	110.90	+0.20
July	120.15	+0.25	—	—
Sep	106.00	+0.10	100.10	+0.10

Business done—Wheat: Nov 105.45-105.00, Jan 109.35-108.85, March 112.95-112.75, May 117.00-116.70, July 120.15-120.00, Sept no trades. Sales: 344 lots of 100 tonnes. Barley: Nov 99.75-99.40, Jan 103.85-103.45, March 107.35-107.10, May 111.15-110.90, Sept 99.90 only. Sales: 310 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. West 112.50, N. West 108.00. Feed barley: S. East 98.00, S. West 99.70, W. Mids. 98.00, N. West 99.40. The UK Monetary Coefficient for the week beginning Monday Oct 19 (based on HGCA calculations using 5 days' exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent: Oct 111.50, Nov 114.00, Dec 115.00 transhipment East Coast sellers. U.S. Hard Winter, 13½ per cent: Oct 119 transhipment East Coast sellers. English Feed, fob Oct 109, Nov 111 East Coast sellers. Maize: French: Nov 127.50 transhipment East Coast sellers. South African White: Nov 86.25 sellers. South African Yellow: Nov 86.25 sellers. Barley: English Feed, fob: Oct 103, Jan 108 paids East Coast. Rest unquoted.

RUBBER

The London physical market opened slightly steadier and attracted little interest throughout the day to close quiet. Lewis and Peat reported a fob price for No. 1 RSS in Kuala Lumpur of 237.5 (237.0) cents a kg and SMR 20 186.5 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Nov.	57.00-57.50	55.90-56.00	—
Dec.	57.80-58.20	56.90-57.00	58.08
Jan-Mar	59.90-60.00	59.20-59.40	60.50-58.10
Apl-Jne	[illegible]	[illegible]	[illegible]

[illegible]

SOYABEAN MEAL

[illegible]

Tate and Lyle delivery price for granulated basis white sugar was £375.0 (same) a tonne fob for home trade and £269.5 (£267.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for October 12: Daily price 12.10 (12.23); 15-day average 12.42 (12.37).

COTTON

LIVERPOOL — Spot and shipment sales amounted to 89 tonnes. Minor contracts were under review but support was mentioned in North and South American styles.

POTATOES

LONDON POTATO FUTURES — Fine weather continued to encourage sellers, moving all positions substantially lower, reports Coley and Harper. Closing prices: Nov 78.50, —3.20 (high 80.00, low 78.90); Feb 93.40, —2.50 (high 94.00, low 93.00); April 106.00, —4.00 (high 109.50, low 106.00). Turnover: 681 (249) lots of 40 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller, business). New Zealand cents per kg. Oct 410 seller, nil; Dec 388, 393, nil; Jan 392, 395, 395-394; March 402, 403, 403; May 408, 409, 411-409; Aug 422, 424, 424; Oct 425, 427, 428-425; Dec 430, 432, 431; Jan 432, 435, 433; March 439, 441, 440. Sales: 45.

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business). Australian cents per kg. Oct 484.5, 486.0, 485.5-484.0; Dec 496.0 437.0, 598.5-497.0; March 506.0, 507.0, 509.0-507.0; May 516.0, 517.0, 519.0-517.0; July 522.0, 524.0, 525.0-524.0; Oct 520.0, 522.0, 522.0-521.0; Dec 525.0, 528.0, untraded; March 530.0, 534.0, untraded. Sales: 143.

★

HIDES—Birmingham: The market reflected a stronger tendency. Second clears. Ox: 31-35.5 kg, 55.9p a kg (54.6p a kg); 26-30.5 kg, 57.1p a kg (53.1p a kg withdrawn); 22-25.5 kg, 64.0p a kg (63.5p a kg). Light cows: 25.5 kg, 65.5p a kg (62.6p a kg).

★

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side [illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 13 1981	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt.	$1150 1180	—5	$1180/210
Copper			
Cash w'bar	£907	+2	£962.5
3 mths	£936.5	—0.25	£995.25
Cash Cathode	£905	+2.25	£961.5
3 mths	£932.5	+0.75	£989
Gold troy oz	$443.25	—5.25	$459
Lead Cash	£384	—19.5	£441
3 mths	£393.5	—19	£452.5
Nickel	£4219.6	....	£4,106.25
Free mkt.	240/280c	....	265/290c
Platin'mtr'y oz	£260	....	£260
Freemkt.	£227.05	—2.45	£248.10
Quicksilver†	$425/430	....	$425/455
Silver troy oz	498.10p	—6.55	608.05p
3 mths	516.90p	—6.95	628.35p
Tin Cash	£8,225	—10	£8266
3 mths	£8352.5	—5.5	£8285
Tungsten22.01lb	$142.61	....	$146.34
Wolfrm 22.04lbs	$140/144	....	$144/148
Zinc Cash	£470	—18.5	£526.5
3 mths	£483.5	—19	£542.5
Producers	$1000	....	$1000
Oils			
Coconut (Phil)	$570y	—7.5	$542
Groundnut	‡	....	‡
Linseed Crude	£420	....	£432
Palm Malayan	$505y	....	$520
Seeds			
Copra Philip	$360x	+10	$355
Soyabean (U.S.)	$272.75	+5.0	$281
Grains			
Barley Fut. Jan	£103.55	—0.55	£102.15
Maize	£127.50	....	£126.75
Wheat Fut. Jan	£109.15y	....	£108.60
No2 HardWint	£119.00	+0.50	‡
Other commodities			
Cocoa ship't*	£1,340	+14	£1,412
Future Mar.	£1247	+17.5	£1,301.5
Coffee Ft' Jan.	£1070.5	—26	£991
Cotton A.Index	75.15c	—0.1	77.25c
Gas Oil Nov.	$312	—1.25	$304.5
Rubber (kilo)	56p	+2	56.75p
Sugar (Raw)	£160x	+2	£165
Woolt'ps 64s kl.	394p kilo	....	396pkilo

‡ Unquoted. z Dec. y Nov. x Oct-Nov. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, Oct 13

Copper—Oct 75.70 (76.25), Nov 76.30 (76.95), Dec 77.30-77.40, Jan 78.35, March 80.30-80.35, May 82.35, July 84.20, Sept 85.95, Dec 88.35, Jan 89.30, March 91.05, May 92.80, July 94.55.

*Gold—Oct 447.5-448.5 (443.6), Nov 451 9 (447.8), Dec 455.3-457.0, Feb 466.8-468.5, April 478.0, June 490.8, Aug 502.6, Oct 514.6, Dec 526.7, Feb [illegible]

49.00, April 46.60-46.75, June 46.97, July 48.90-48.95, Aug 47.72, Oct 47.37, Dec 48.92.

‡‡Maize—Dec 298¼-298½ (295½), March 316½ (313½), May 327¼-328¾, July 334¼-335, Sept 339, Dec 343½-344.

Pork Bellies—Feb 64.30-64.30 (62.30), March 64.45-64.45 (62.45), May 65.40, July 66.30, August 65.60.

†Soyabeans—Nov 676-673½ (668½), [illegible]

Monday's closing prices

[illegible]

EUROPEAN MARKETS

[illegible]

FINANCIAL TIMES			
Oct. 12	Oct. 9	Month ago	Year ago
262.32	260.11	261.69	278.84

INDICES

(Base: July 1, 1952=100).

MOODY'S

Oct. 12	Oct. 9	Month ago	Year ago
1016.9	1016.1	1033.2	1336.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 12	Oct. 9	Month ago	Year ago
Spot	357.22	353.94	373.10	405.76
Fut'rs	375.9.3	371.39	383.26	412.6

(Average 1924-25-26=100)

REUTERS

Oct. 13	Oct. 12	M'nth ago	Year ago
1668.3	1649.4	1875.5	1760.0

(Base: September 18, 1931=100)

Warning on Britain's trees

A LOOMING world shortage of timber will force Britain to become dependent on its own neglected forests, a conservationists' leader warned.

The Government must recognise the approaching crisis, said Mr Derek Lovejoy, chairman of the tree council.

But, he said, there was little apparent action. "Few people realised the seriousness of the impending world shortage, he said in a report entitled Trees, Landscape and Conservation."

The UK grows only 8 per cent of its timber needs and the remaining 92 per cent is imported at a cost of £2,750m a year.

COMPANY NOTICES

STRATHCLYDE REGIONAL COUNCIL

[illegible]

BANCO CENTRAL DE RESERVA DE EL SALVADOR

US$25 million floating rate 1978/83

The rate of interest applicable for the six months period beginning on October 14th, 1981 and set by the reference agent is 17¼% annually.

Base rate cut prompts late improvement in sentiment
British Funds above worst and equity leaders rally

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2
Oct 26	Nov 5	Nov 6	Nov 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

British Funds picked up marginally, but still closed down on balance, and leading equities rallied to end well above the day's worst following the surprise announcement of a base rate cut from 16 per cent to 15½ per cent by Barclays Bank well after yesterday's official close of trading.

Earlier, renewed weakness in sterling and concomitant uncertainty about the prospects for a reduction in interest rates had further undermined investment confidence.

Trade in the Gilt-edged market *was at a fairly low ebb, but the* further setback in sterling quickly transferred to quotations which drifted lower throughout the session. News of reductions in U.S. prime rates to 18 per cent helped to steady the market at one stage, but had little lasting effect on confidence. However, falls in the longs to *around ¾ at the official close were* cut by ¼ in the late dealings. Losses in the shorts ranged to ½ and the Government securities index gave up 0.38 to 61.97.

The prevailing uncertainty prompted dealers to mark leading equities down sharply at the opening and the FT 30-share index recorded a loss of 10.5 at the 10.00 am calculation. The fall was extended to 11 points at noon, but prices rallied to reduce the loss to 8.3 at 3.00 pm. The close of 6.4 down on balance at 484.6, reflected price mark-ups in a minimal trade after Barclays' *announcement.*

Selling pressure throughout the equity sectors was relatively light, but trading conditions remained thin and sensitive. Reflecting Barclay's base rate move, leading properties rallied from initial dullness and closed little altered on balance. Elsewhere, the bid scene was enlivened by Tarmac's agreed offer for Hoveringham.

Demand for Traded options continued to contract and only 1,057 deals were completed yesterday, under half of last week's daily average of 2,200. Much of the activity was again centred on **British Petroleum** which recorded 102 calls and 70 puts. **ICI** were also in demand with 183 calls and 152 puts arranged.

Banks easier

Marked down at the outset, the major clearing banks continued to drift lower on sporadic offerings and closed with falls ranging to 8; the surprise after-hours announcement from Bar*clays of a ½ per cent reduction* to 15½ per cent in its base lending rate made no impact on late sentiment. **Lloyds** ended 8 off at 370p and **Barclays** relinquished 4 to 412p, after 410p. Elsewhere, **Standard Chartered** gave up 12 to 618p and **Hong Kong and Shanghai**, 126p, and **Royal Bank of Scotland**, 144p, lost 6 and 4 *respectively. Profit-taking following* the recent good rises on lower interest rate and merger hopes left Discount Houses up to 10 lower. **Cater Ryder** gave up that much to 295p. The chairman's reported bid denial and comment on the annual report and accounts left **Guinness Peat** only a penny cheaper at 88p in *merchant banks where* **Hambros** lost 4 at 138p and **Hill Samuel** declined 12 to 134p; the latter's interim figures are due next month.

In Insurances, **Hambro Life** remained friendless after the *recent profits warning, falling 11* more to 317p. Against the trend, **C. E. Heath** improved 6 to 288p.

Currys dip and rally

Marked lower at the outset, leading Stores staged a useful recovery and usually closed with modest gains. **Mothercare** were *traded down to 160p before* rallying to end 2 cheaper on balance at 162p. Comment on **Currys'** interim results was generally unfavourable and the shares declined to 148p before ending only a net 2 lower at 154p. Profit-taking clipped 5 from **Cornell Dresses**, 135p, and 7 from **Polly Peck**, 305p, but ***Tern-Consulate**, interim figures* due shortly, added a penny more to 66p. **Lee Cooper**, mid-term results expected tomorrow, eased 4 to 128p. **Hiltons Footwear** advanced 8 to 142p awaiting news from the meeting with possible suitors **Ward White**, a penny dearer at 51p; original merger partners **George Oliver** *eased 3 more to 105p.*

GEC typified the erratic trend of the Electrical leaders, *falling* to 677p in the early business before rallying smartly just before, and after, the *official* "House" close to finish a net 4 better on balance at 688p. *Plessey ended 3 off at 309p, after* 303p, while **Racal** relinquished a similar amount to 410p, after *400p.* **Thorn EMI** lost 7 at 433p as did **BICC**, at 231p. Elsewhere, **Standard Telephones and Cables** became vulnerable and lost 23 at 422p, after 417p. **Electrocomponents** gave up 10 to 130p and **Farnell** cheapened a similar amount to 480p, while **United Scientific** fell 14 to 473p.

Dealings in **Hoveringham** *issues restarted following the* £40m bid from **Tarmac**; Hoveringham ordinary, suspended at 89p in August, resumed at 223p and closed at 220p, while the Restricted Voting resumed at 193p and closed at 188p compared with the suspension price of 77p. Tarmac reacted to 340p but, helped by the placing of its *shares issued for the acquisition*, rallied to close 12 down at 346p. Elsewhere in the Building sector, **Costain** succumbed to selling and shed 14 to 230p, while **John Finlan** gave up 10 to 160p following the interim results and the chairman's cautious statement about discussions with an unnamed party. Demand ahead of *today's interim results left* **Ibstock Johnsen** 2 dearer at 69p.

ICI, down to 256p earlier, picked up to close only 4 cheaper on balance at 262p.

Still reflecting adverse comment, **Hawker** were sold down to 274p before a late afternoon rally left a close of 280p, down 8 on *the day; the preliminary results are due next Wednesday.* **GKN** eased 6 to 152p on lack of support and **Tubes**, to the accompaniment of vague adverse rumours, cheapened 4 to a 1981 low of 102p, only 2 above par-value. Against the trend, **John Brown** hardened 1½ to 73½p on the Russian pipeline order, announced last week, having *been boosted to £104m. Among* secondary Engineerings, rumours of a pending dawn raid helped **Howard Machinery**, in which Diamond Industries holds a near-17½ per cent stake, to harden a penny to 22p. **Ash and Lacy** cheapened 2 to 228p, after 225p, and **S. W. Farmer** dipped 5 to 150p following disappointing *half-year trading statements.* **Molins** lost 8 to 144p; Imps on Monday sold its 23.6 per cent stake in the company. Profit-taking clipped 6 from **G. M. Firth** at 146p. **United Engineering** closed unaltered at 155p; the price and change in yesterday's issue were in error.

Dobson Park weak

Among Foods, **Associated Biscuit Manufacturers** shed 2 to 67p *on disappointment with the* interim results. **United Biscuits** lost a like amount to 114p in sympathy. **Unigate** slipped to 87p before reverting to the overnight level of 88p following the £17m acuisition of Casa Bonita, a U.S. restaurant chain. Elsewhere, **Clifford's Dairies A**, a couple of pence easier awaiting the half-yearly results, picked up on the *announcement to close a net* penny dearer at 119p.

Miscellaneous industrial leaders reacted sharply in sympathy with sterling's fresh decline. Closing levels were above the day's lowest, but **Unilever** still sustained a fall of 13 at 570p and **Reed** lost 10 at *240p; the latter's interim results* are due later this month. Further consideration of the annual *results saw* **Glaxo** *react* to 390p before a close of a net 8 down at 398p. Elsewhere, **Dobson Park** fell 6 to 79p on reports of an adverse circular on the outlook for the coal industry, while the absence of U.S. bid developments left **Wood Hall** 9 lower at 140p. **Thomas Tilling** became active and fell 8 to 154p. **Fitz*wilion*** *put on 3 more to 40p* ahead of tomorrow's interim results and **Sutcliffe Speakman** revived with a gain of 4 at 44p.

Glasgow Pavilion provided a firm spot in an otherwise subdued Leisure sector, rising 8 to 42p on revived speculative demand.

Motor Components trended to *lower levels although most* finished above the day's worst. **Dowty** eased 3 to 147p, after 143p, while **Lucas** rallied from 204p to close only 3 lower on balance at 209p.

Oils subdued

Dull during the day as hopes *of an early cut in interest rates* receded further, leading Properties picked up late following the Barclay's base rate decision and closed with modest gains. **Land Securities** ended 2 dearer on balance at 287p, after 280p, while **MEPC** ended a penny up at 207p, after 200p. Selling of secondary issues was light, but *lack of interest left* **London Provincial Shop** 15 cheaper at 390p and **Country and New Town** 4 off at 42p. **Rosehaugh** gave up 25 to 250p following the preliminary results.

Leading Oils became subdued following reports that OPEC was close to stabilising the price of crude oil at $34. **British Petroleum**, a few pence easier initially, reverted to the over*night level of 290p*, but **Shell** closed a net 2 cheaper at 340p, after 338p. Elsewhere, **Candecca**, *a good market on Monday following* Press comment, reacted 12 to 158p, while **Carless Capel** shed 9 to 127p. **Premier** gave up 5 to 58p and **Berkeley Exploration** 15 to 295p. Against the trend, **Hunting Petroleum** firmed 10 to 208p in response to the interim results, while **Atlantic Resources**, still responding to Press comment, about Porcupine Basin prospects, put on 35 for a two-day gain of 85 to 275p.

Movements in Overseas Traders were usually against holders. **Inchcape** gave up 10 to 283p, *while* **Lonrho** shed a few pence to 75p. **S. and W. Berisford**, 113p, and **Gill and Duffus**, 205p, fell 4 apiece.

Textiles were irregular. **S. Lyles** continued to draw strength from the preliminary results and added 2 for a two-day gain of 11 at 73p. **Sirdar**, on the other hand, met profit-taking and fell 7 to 210p, *as did* **Dawson International**, 4 cheaper at 122p.

Plantations took on a firmer *appearance.* **Kuala Lumpur Kepong** rose 4 to 44p, while **United** ended 10 to the good at 127p. Among Teas, **Assam Frontier** improved 7 to 187p, the full-year deficit being outweighed by the maintenance of the dividend. **Moran** firmed 10 to 285p, while **McLeod Russel**, currently bidding for Warren Plantations, *aded 5 to 325p, after 330p.* In contrast, **Blantyre** encountered profit-taking and eased 4 to 89p, still 20 above the contested offer from Eastern Produce.

Gold Fields rally

Initially weak in line with UK equities, the London-based mining Financials staged a strong recovery in after-hours trading as bid rumours followed news of the suspension of shares in Canada's **Seagram**.

Seagram was involved in the recent spate of takeover bids in the North American mining and natural resources sectors.

Gold Fields rallied from 490p to close unaltered at 503p; the company has an 8.1 per cent interest in America's **Newmont Mining**, the latter being a firm market on Wall Street in the wake of takeover speculation.

Rio Tinto-Zinc, down to 488p in the early trading, recovered *to finish a net 7 down on balance* at 500p, while **Charter Consolidated** were finally only 2 off at *238p, after 235p.*

South African Golds also ended above the day's lowest *following a number of prime* rate cuts by American Banks. The bullion price moved erratically but closed $5.25 easier at $443.25 an ounce, while the Gold Mines index dipped 7.3 to 392.5.

Leading Australian issues were generally easier but were sustained by the renewed fall in sterling against the Australian dollar. Losses of around 7 were common to **Western Mining**, 291p, ***MIM Holdings***, 237p, and **CRA**, 206p.

Canning Basin oil and gas explorers moved against the general trend following widespread and persistent rumours of a commercial oil discovery in the Blina 4 well, *drilled 1 km south*-east of the original Blina 1 find.

Vamgas, which has a 10 per cent interest in the Blina licence area, *moved up 25 to 700p, while* **Petroleum Securities Australia**, which also holds a 10 per cent interest, jumped 65 to 365p.

FINANCIAL TIMES STOCK INDICES

	Oct. 13	Oct. 12	Oct. 9	Oct. 8	Oct. 7	Oct. 6	A year ago
Government Secs	61.97	62.32	62.29	61.92	61.56	60.96	71.12
Fixed Interest	63.19	63.41	63.43	63.04	62.77	62.50	72.14
Industrial Ord.	484.6	491.0	498.2	487.7	486.7	475.0	477.4
Gold Mines	392.5	399.8	592.8	385.0	384.7	401.5	525.0
Ord. Div. Yield	6.16	6.05	5.96	6.11	6.11	6.26	7.72
Earnings, Yld. % (full)	10.46	10.17	10.02	10.28	10.28	10.53	17.45
P/E Ratio (net) (*)	12.27	12.65	12.84	12.52	12.52	12.23	6.98
Total bargains	17,630	17,726	20,060	18,150	20,056	16,360	20,417
Equity turnover £m.	—	98.57	153.74	111.77	128.16	102.83	136.02
Equity bargains	—	13,497	15,120	12,984	12,883	13,643	16,593

10 am 480.5. 11 am 482.7. Noon 480.0. 1 pm 482.1. 2 pm 481.2. 3 pm 482.7.

Latest Index 01-246 8026.
*Nil = 10.30

Basis 100 Govt. Secs. 15/11/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	60.45 (28/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	61.94 (28/9)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (28/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 12	Oct. 9
—Daily		
Gilt Edged Bargains	217.1	236.2
Equities Bargains	80.5	98.0
Value	199.2	310.7
5-day Avrge.		
Gilt-Edged Bargains	222.1	219.9
Equities Bargains	86.9	86.7
Value	241.0	245.7

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (5)

BUILDINGS (1)
Rubcroid
STORES (1)
Hiltons Footwear
INDUSTRIALS (1)
Hoskins & Horton
SOUTH AFRICANS (1)
OK Bazaars
TEXTILES (1)
Lyles (S.)

NEW LOWS (18)

AMERICANS (4)
Alcoa — Kaiser Aluminium
Burroughs Corp. — Sperry Corp.
STORES (3)
British Home Stores — Waring & Gillow
Mothercare
ENGINEERING (3)
British Aluminium — Tube Investments
Lmread
INDUSTRIALS (1)
Huntleigh
INSURANCE (1)
Liberty Life
TRUSTS (2)
Caledonia Inv. — Triplevest Inc.
OILS (1)
Silkolene
MINES (3)
Coronation — Leichardt Explrtn.
Wankie

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	84	—	8
Corpns. Dom. and Foreign Bonds	10	28	32
Industrials	134	451	785
Financial and Props.	29	262	212
Oils	14	43	46
Plantations	10	1	12
Mines	21	63	83
Others	38	42	114
Totals	340	890	1,292

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
British Aerospace	179	−10	Plessey	309	−3
Cons. Gold Fields	503	—	Racal Elect.	410	−3
Dowty	147	−3	RTZ	500	−7
Grand Met.	166	—	Tarmac	346	−12
ICI	262	−4	Tilling (T.)	154	−8
Lucas	209	−3	Vamgas	700	+25

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
GEC	17	684	−16	Tricentrol	12	246xd	−3
Lasmo	*17*	*490*	*−30*	*Foseco Mnsp N*	*11*	*8½*	*−½*
KCA Intl.	16	138	−4	Plessey	11	313	−7
Racal Elect.	15	413	−12	RTZ	11	507	−8
Shell Transport	14	342	−10	Brit. Aerospace	10	189	−4
BP	*13*	*290*	*−10*	*Glaxo*	*10*	*406*	*+10*
Thorn EMI	13	440	−10	Hawker Siddley	10	288	−12

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 5	Oct 16	Jan 7	Jan 18
Oct 19	Oct 30	Jan 21	Feb 1
Nov 2	Nov 13	Feb 11	Feb 22

For rate indications see end of Share Information Service

Stocks favoured for the call included **P & O Deferred, Racal, Town and City Properties, UBM, Premier Oil, Caffyns, Double Eagle, Lonrho, Montague L. Meyer, Wheelock Marden "A,"** ***Metal Box*, G. M. Firth** and ***Gulf Stream Resources.*** Puts were taken out in **Burmah, GKN, Lasmo** and **Racal**, while doubles were arranged in **Burmah, GKN** and **ICI**.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Tues., Oct. 13, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Oct. 12 Index No.	Fri., Oct. 9 Index No.	Thurs., Oct. 8 Index No.	Wed., Oct. 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	321.54	−1.5	10.95	4.92	11.29	326.32	329.34	323.43	320.93	284.10
2	Building Materials (25)	281.46	−1.0	16.14	6.10	7.06	284.44	286.62	281.06	277.02	250.73
3	Contracting, Construction (28)	503.62	−1.5	18.84	5.66	6.17	511.30	505.34	499.07	491.44	419.78
4	Electricals (30)	1075.57	−0.7	8.48	2.67	14.72	1083.38	1103.41	1080.92	1061.63	805.34
5	Engineering Contractors (9)	442.41	−1.9	14.64	6.22	8.06	450.84	449.68	446.52	438.48	344.66
6	Mechanical Engineering (66)	177.11	−2.3	12.51	6.19	10.37	181.28	183.44	180.33	178.33	176.88
8	Metals and Metal Forming (13)	151.29	−3.7	9.53	7.83	14.22	157.12	158.08	152.92	150.58	155.86
9	Motors (21)	89.74	−1.6	—	7.51	—	91.18	92.52	90.87	90.72	97.33
10	Other Industrial Materials (18)	347.65	−2.1	9.49	6.50	12.82	355.06	356.75	349.01	343.93	0.00
21	CONSUMER GROUP (197)	254.36	−1.2	13.81	6.38	8.92	257.45	260.19	254.79	252.96	238.32
22	Brewers and Distillers (20)	260.31	−0.6	17.23	7.43	6.99	261.85	270.03	265.41	264.52	277.02
25	Food Manufacturing (21)	246.78	−1.7	16.20	6.82	7.44	250.95	251.09	246.18	242.65	216.44
26	Food Retailing (15)	512.15	−1.9	9.73	3.54	12.30	522.12	521.52	510.52	506.38	380.74
27	Health and Household Products (7)	323.48	−1.6	9.17	4.73	12.95	328.78	323.10	312.79	313.86	89.34
29	Leisure (24)	401.91	−2.0	10.13	5.47	12.24	410.08	415.48	399.67	393.43	342.48
32	Newspapers, Publishing (12)	434.00	−0.6	14.18	6.92	10.11	436.55	449.99	442.04	442.38	433.23
33	Packaging and Paper (13)	127.82	−2.0	15.09	8.33	8.01	130.48	130.74	128.28	126.46	119.43
34	Stores (45)	228.45	−0.5	12.63	5.82	10.57	229.54	233.83	230.56	228.99	231.92
35	Textiles (23)	142.92	−1.6	8.80	6.43	15.85	145.24	143.97	141.88	142.21	121.29
36	Tobaccos (3)	246.44	−1.0	23.07	10.56	4.99	248.93	255.84	249.81	248.64	219.28
39	Other Consumer (14)	251.82	+0.4	8.99	6.89	17.00	250.91	251.61	251.77	247.75	0.00
41	OTHER GROUPS (80)	209.49	−1.4	11.85	6.76	10.81	212.44	212.71	208.78	207.66	216.88
42	Chemicals (16)	270.36	−1.3	5.97	6.64	27.90	274.01	274.86	267.98	269.00	294.11
44	Office Equipment (5)	97.51	−1.5	17.51	8.77	6.86	99.01	98.90	97.47	96.31	104.75
45	Shipping and Transport (13)	466.76	−1.6	22.71	7.85	5.24	474.39	475.42	473.43	468.44	561.41
46	Miscellaneous (46)	274.20	−1.3	13.74	6.09	8.83	277.95	277.77	273.24	269.40	277.98
49	INDUSTRIAL GROUP (487)	271.01	−1.3	12.47	5.87	9.93	274.65	277.26	271.73	269.78	250.46
51	Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (119)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Tues., Oct. 13	Day's change %	Mon., Oct. 12	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	All Stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	AVERAGE GROSS REDEMPTION YIELDS	Tues., Oct. 13	Mon., Oct. 12	Year ago (approx.)
	British Government			
1	Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2	15 years	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5	15 years	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]
7	High Coupons 5 years	[illegible]	[illegible]	[illegible]
8	15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]
11	Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12	15 years	[illegible]	[illegible]	[illegible]
13	25 years	[illegible]	[illegible]	[illegible]
14	Preference	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

OFFSHORE & OVERSEAS-contd.

Capital International Fund S.A.
43 Boulevard Royal, Luxembourg
Capital Int. Fund | US$25.75 | +0.85 | —

Central Assets Management Ltd.
Channel Hse., St. Helier, Jersey. 0534-73673
Central Assets | £200.35 200.39 | +0.04 | —

Charterhouse Japhet
1 Paternoster Row, EC4 01-248 3999
Emperor Fund* | $7.26 7.62 | ..... | —
Hispano | $41.34 45.53 | ..... | 6.30
*Prices at Sept. 30. Next sub. day Nov. 1.

Chawton Commodities (Isle of Man) Ltd.
29, Athol Street, Douglas, I.o.M. 0624 21724
Normandy Metal Trust | [1.3703 1.4424] | ..... | 4.00
Normandy Com. Tst. | [1.3088 1.3777] | ..... | 4.00

For Clive Investments (Jersey) see Invicta Investment Management

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 228.0 248.0 | ..... | —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. | US$93.04 — | +0.28 | —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) | 85.3 85.2 | ..... | 15.85
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt.
Investa | DM33.26 34.95 | −0.25 | —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Oct. 9 | $3.48 3.65 | ..... | —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra | DM17.15 17.58 | −0.13 | —
Int. Rentenfonds | DM58.75 60.22 | −0.26 | —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Sept. 29 | US$29.03 30.88 | ..... | .....

Duncan Lawrie Inv. Mgt. (Jersey)
[illegible]

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. | 184.5 197.4 | −5.5 | 3.41

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029

Ramlnco Managers Ltd.
P.O. Bx: 1549, Hamilton, Bermuda. (809-29) 2-7979
RAMINCO Oct. 5 | $8.62 | ..... | —

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 23914

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP 01-623 6114

Equity Accum. (2)	247.6	260.6		4.16

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB 01-588 1815

Property Fd. Sept. 30	154.35			6.74
Wider Fund Sept. 30	254.35			5.45
Narrower Fd. Sept. 30	69.25			14.74

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ 01-626 4588

American	72.1	77.1	+2.3	2.34
(Accum. Units)	78.0	83.5	+2.6	2.34
American Recovery	79.0	84.5	+2.4	1.65
(Accum. Units)	81.6	87.3	+2.5	1.65
Australasian	91.5	97.9	+2.2	1.44
(Accum. Units)	96.2	102.9	+2.3	1.44
Commodity	128.0	137.0	+1.6	3.37
(Accum. Units)	152.1	162.7	+1.9	3.37
Compound Growth	174.7	190.4	+0.6	3.30
Conversion Growth	117.7	125.9	+2.8	2.77
Conversion Income	72.1	77.2	-1.3	9.42
Dividend	125.7	134.5	-1.3	10.07
(Accum. Units)	287.7	307.8	-2.9	10.07
European	61.3	65.6	+0.8	3.71
(Accum. Units)	68.3	73.1	+1.0	3.71
Extra Yield	77.9	84.1	-0.5	10.21
(Accum. Units)	131.1	141.6	-1.0	10.21
Far Eastern	108.9	117.6	+2.3	1.49
(Accum. Units)	125.3	135.3	+2.6	1.49
Fund of Inv. Tsts.	88.3	96.3	-0.5	4.91
(Accum. Units)	120.6	131.4	-0.7	4.91
General	226.7	243.7	+0.7	6.24
(Accum. Units)	400.5	430.5	+1.4	6.24
Gilt Income	43.6	45.8		12.82
(Accum. Units)	46.2	48.5	-0.1	12.82
High Income	106.2	113.6	-0.6	9.68
(Accum. Units)	218.8	234.1	-1.5	9.68
Japan	185.0	198.9	+3.5	0.66
(Accum. Units)	194.6	209.2	+3.6	0.66
Magnum	325.7	348.5	+1.8	5.41
(Accum. Units)	458.5	490.6	+2.4	5.41
Midland	156.2	167.1	-1.5	9.12
(Accum. Units)	308.3	329.9	-3.0	9.12
Recovery	117.4	125.6	-0.8	5.00
(Accum. Units)	133.4	142.7	-0.9	5.00

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2 Dealings 0705 27733

Capital	170.9	183.7	-1.3	2.51
(Accum. Units)	221.3	237.9	-1.6	2.51
Income Fnd	217.9	234.3	-3.8	8.25
(Accum. Units)	384.6	413.5	-6.9	8.25
Gen.	128.7	138.3	-2.2	4.40
(Accum. Units)	176.9	190.2	-3.0	4.40
Europe	23.1	24.8	+0.3	2.82
(Accum. Units)	27.9	30.0	+0.4	2.82
Smaller Co.'s	148.8	159.9	-0.8	2.61
American	53.3	57.3		0.28
(Accum. Units)	53.3	57.3		0.28
Tokyo	56.2	60.4	+1.0	0.21
(Accum. Units)	56.2	60.4	+1.0	0.21
Gilt & Fixed	42.5	44.7	-0.2	13.00
(Accum. Units)	44.7	47.0	-0.2	13.00
Australian	51.7	56.1	+0.2	2.67
(Accum. Units)	52.1	56.6	+0.3	2.57
Singapore & Malay	—	—		—
(Accum. Units)	—	—		—
*Ph.&C. Fd. Sept. 22	241.4	259.5		4.72
*Recovery Oct. 13	287.8	309.4	+18.4	4.433
*Spec. Ex. Oct. 13	448.7	482.4	-35.3	2.39
Euro Except Oct. 8	110.0	119.3		3.03

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844

Equity Trust Accum.	95.9	103.5	-2.5	5.76

Scottish Equitable Fund Mgrs. Ltd.
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	59.8	63.6	+0.3	5.38
Accum. Units	78.8	83.8	+0.5	5.38

Dealing day Wednesday.

For Sebag see Carr, Sebag Unit Trust Managers.

For Security Selection see McAnally Fund Management

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU 031-655 6000

Pegasus Tst. Oct. 13	83.9	90.2	-1.0	—

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425

SIMCO Call Fund†	100.0	—		15.56
SIMCO 7-Day Fund†	100.0	—		15.67

INSURANCE & PROPERTY

OFFSHORE & OVERSEAS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅜	99⅛	Treas. Variable '81§§	99⅜xd	....	—	15.77
100⅛	99⅛	Exch. 12¼pc 1981‡‡	99⅝	.....	12.81	15.66
98⅜	95⅛	Treas. 8¼pc '80-82‡‡	98⅜	....	8.64	14.66
96¾	91⅞	Treasury 3pc '82‡‡	96⅝	−⅛	3.10	13.27
107	99⅜	Treasury 14pc '82‡‡	99¾	−⅛	14.03	14.61
99⅛	98⅜	Treas. Variable '82§§	99⅜	−⅛	15.37	15.83
96⅞	93⅛	Treasury 8¼pc '82	95⅞	−⅛	8.65	15.07
96⅜	93⅛	Exch. 9¼pc 1982	95	−⅛	9.73	15.10
95¼	92⅝	Exch. 8¾pc 1983	94¼	−⅛	9.28	13.89
92¼	84⅞	Exch. 3pc 1983	90	...	3.33	11.11
99⅜	95	Treasury 12pc 1983‡‡	96¼	−⅛	12.46	15.02
99½	96¼	Treas. Variable '83§§	99⅜	−⅛	15.43	15.85
91½	90⅛	Treasury 9¼pc '83	91½	.....	10.10	14.85
101⅜	95¼	Exch. 13½pc '83	96⅜	−⅛	14.01	15.50
94⅛	89¼	Exch. 10pc 1983	90½	.....	11.04	15.27
88	83½	Funding 5½pc '82-84‡‡	84½	......	6.50	13.97
96¼	90⅛	Exch. 11¼pc 1984	91½	−⅛	12.29	15.63
103⅜	95¼	Exchequer 14pc. 1984	96½	−⅜	15.50	15.64
82⅜	77¼	Exch. 3pc 1984	77⅞	−⅛	3.85	13.02
98⅜	90½	Treasury 12pc 1984	92¼	−⅜	13.00	15.35
107½	97⅝	Treasury 15pc 1985	98⅜	−⅜	15.24	15.57
98⅞	89	Exch. 12pc Cnv. '85	90½	−⅜	13.25	15.68
76	71	Treasury 3pc 1985	71⅞	−⅛	4.17	13.02
96⅜	86⅝	Treasury 11½pc 1985	87¾	−½	13.10	15.91
98⅜	88⅜	Exch. 12¼pc 1985	89¼	−½	13.72	15.86
97⅛	86⅝	Exch. 11¾pc '86	87¼	−½	13.46	15.86
70⅜	65¼	Treasury 3pc 1986	67xd	.....	4.48	12.72
97⅜	86⅝	Treasury 12pc '86	87¼	−½	13.75	15.95
88⅜	79¼	Treasury 8½pc '84-86‡‡	80⅛	−⅜	10.61	14.41
		Five to Fifteen Years				
103⅞	94⅜	Exch. 13¼pc 1987	95½	−⅜	14.33	15.34
81¾	71⅛	Funding 6½pc '85-87‡‡	73¼xd	−⅛	8.35	13.47
99½	85⅝	Treas. 12pc 1987	84¼xd	−⅜	14.13	16.00
81⅛	73¼	Treasury 7¾pc '85-88‡‡	75¼	−¼	10.53	14.23
65½	58⅝	Transport 3pc '78-88	60⅜	−¼	5.04	11.93
92¾	79½	Treasury 11½pc 1989	82⅛	−½	14.29	16.09
67¼	59⅝	Treasury 5pc '86-89	61⅝xd	−¼	8.11	12.80
101½	88⅝	Treasury 13pc 1990‡‡	91⅛	−⅜	14.79	15.62
95⅜	81⅝	Exch. 12½pc 1990	84⅛	−⅝	14.99	16.18
80⅞	71⅛	Treasury 8¼pc '87-90‡‡	73⅛	−⅜	11.72	14.30
93⅛	79⅝	Treasury 11¾pc 1991	82	−½	14.89	16.19
66¼	57⅛	Funding 5¾pc '87-91‡‡	58¾	−⅜	9.81	13.67
90	72⅝	Exch. 11pc 1991	75xd	−⅝	14.60	16.03
98⅜	83¼	Treasury 12¾pc '92‡‡	86⅛	−½	15.32	16.12
82⅞	70¼	Treasury 10pc 1992	72½	−⅜	14.08	15.74
94⅜	79	Exch. 12¼pc '92	81⅞	−⅛	15.27	16.16
101⅛	84¼	Exchequer 13½pc '92	87⅛	−⅜	15.64	16.20
96¾	81¾	Treasury 12½pc '93‡‡	84½	−½	15.36	16.05
63⅞	53⅞	Funding 6pc 1993‡‡	55½	−¼	10.90	13.79
105¼	89¾	Treasury 13¾pc 1993‡‡	92⅝	−½	15.76	16.16
107¼	90⅜	Treasury 14½pc '94‡‡	93⅛	−½	15.86	16.11
104¼	82⅝	Exchequer 13½pc 1994	85¼xd	−½	15.74	16.20
95½	79½	Exch. 12½pc 1994	82⅜	−½	15.51	16.11
79⅛	65⅛	Treasury 9pc '94‡‡	66⅛xd	−⅝	13.64	15.03
92⅞	77¼	Treasury 12pc '95	80⅝	−½	15.39	16.03
51¾	42	Gas 3pc '90/95	43xd	−¼	6.95	11.30
85	69⅝	Exch. 10¼pc 1995	71⅞	−⅛	14.74	15.71
100⅛	81⅝	Treasury 12¾pc '95‡‡	81⅞xd	−½	15.36	15.81
104⅞	88⅜	Treas. 14pc '96	91¼	−½	15.90	16.13
76¼	63¼	Treasury 9pc '92/96‡‡	65⅜	−¼	13.91	15.07
115⅝	91⅝	Treasury 15¼pc '96‡‡	94⅝xd	−⅝	15.97	16.09
103½	84¼	Exchequer 13¼pc '96‡‡	84½xd	−⅜	15.46	15.82
100⅜	90¼	Treas. 2pc I.L. '96‡‡	92½	−¼	2.39	2.94
50¼	42⅝	Redemption 3pc 1986-96	43⅝	−¼	6.89	10.61
		Over Fifteen Years				
101⅛	85⅛	Treasury 13¼pc '97‡‡	87¾	−⅝	15.56	15.86
83⅞	69¾	Exchequer 10½pc 1997	72⅛	−⅜	14.87	15.57
74¼	62⅛	Treasury 8¾pc 1997‡‡	64⅛	−¼	13.86	14.85
—	—	*Exchequer 15pc 1997#*	£95½	.....	15.71	15.77
65⅝	51⅜	Treasury 6¾pc '95-98‡‡	53⅜xd	−⅜	12.56	14.02
114½	94½	Treas. 15½pc '98‡‡	97⅝	−½	15.97	16.01
95⅛	79⅜	Exch. 12pc 1998	82½	−⅜	15.45	15.79
79⅜	66⅝	Treasury 9½pc 1999‡‡	68¾	−¼	14.31	14.96
94	76⅝	Exch. 12¼pc 1999	79⅝	−	15.50	15.82
86¼	69⅝	Treasury 10½pc 1999	69⅝xd	−	14.85	15.40
100	83½	Treas. 13pc 2000	86⅝	−⅜	15.59	15.76
107⅜	90⅞	Treas. 14pc '98-01	93¾	−⅜	15.87	15.97
93¼	77¼	Exch. 12pc '99-02	80½	−⅜	15.43	15.62
104⅜	87⅛	Treas. 13¾pc 2000-03	90¼	−¼	15.76	15.83
90	73½	Treasury 11½pc '01-04	76⅝	−½	15.16	15.35
41⅛	33⅛	Funding 3½pc '99-04	34¼	−¼	10.48	12.23
99¼	82⅞	Treasury 12½pc '03-05	85⅞	−⅜	15.45	15.53
91½	86⅜	Treas. 2pc IL '06 ‡‡	89¼	−¼	2.40	2.64
68¾	56¼	Treasury 8pc '02-06‡‡	58¼	−⅜	13.78	14.13
92½	76⅜	Treasury 11¾pc 03-07	79⅝	−⅜	15.27	15.36
103⅛	84⅜	Treas. 13½pc '04-08	88	−½	15.45	15.50
50⅝	41⅛	Treasury 5½pc '08-12‡‡	42⅞	−⅜	12.98	13.39
66¾	55⅝	Treasury 7¾pc '12-15‡‡	57⅝	−⅜	13.85	13.96
98⅛	81¾	Exch. 12pc '13-'17	84¼	−½	14.87	14.88
		Undated				
33¼	27⅜	Consols 4pc	28⅜	−⅛	14.51	—
32¼	25¾	War Loan 3½pc‡‡	26⅝	−½	13.81	—
37⅝	30½	Conv. 3½pc '61 Aft.	31½	−⅛	11.15	—
25	20⅛	Treasury 3pc 66 Aft	20¾	−⅛	14.50	—
21⅛	17⅜	Consols 2½pc	18	−⅛	13.93	—
21	16¾	Treasury 2½pc	17⅜	−⅛	14.46	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅝	91	Finland 14½pc Ln 1986	93¼xd	−¼	15.54	16.68
92¼	87	Int. Bank 5pc '77/82	92	....	5.43	15.46
99⅜	90½	Do. 13½pc Ln 1986	92¼	....	14.63	15.96
100⅜	89½	Sweden 13½pc 1986	91¼	−¼	14.79	16.34

CORPORATION LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
93½	84¾	Bath 11¼pc 1985	86¼	−¼	13.04	15.99
98	89	Birm'ham 12½pc 1985	90½	−¼	13.81	16.00
102	90¼	Burnley 13pc 1987	93¾	−¼	14.61	16.01
95½	80½	Cardiff 11pc 1986	83½xd	−¼	13.12	15.77
100⅛	97⅜	G.L.C. 12½pc '82	98⅛	......	12.74	15.74
99	93½	Do. 12½pc 1983	94¾	−¼	13.19	15.88
95⅜	92½	Glasgow 9¼pc '80-82	93½	−¼	9.89	16.08
75½	68	Herts 6¾pc 1985-87	69¾	−¼	9.86	15.09
98¾	79¾	Leeds 13½pc 2006	83¾xd	−¼	16.21	16.28
91½	86	Liverpool 9¾pc '80-84	87¼	−¼	11.18	15.91
26	21½	D. 3½pc Irred.	22¾xd	−¼	15.76	—
100½	94½	Lon. Corp. 13¼pc '83	95¾	−¼	13.91	15.95
88¼	85	Do. 9¼pc '84-85	85½	−¼	10.77	14.07
80½	78½	LCC 5½pc '82-84	79	−¼	6.95	15.04
71¼	63¾	Do. 5½pc '85-87	66½	−¼	8.51	14.97
70¼	59	Do 6¾pc '88-90	60¼	−¼	11.54	15.59
23¼	18¾	Do. 3pc '20 Aft.	20	−¼	15.55	—
97¼	89¾	Sunderland 12¼pc 1984	90½	−¼	13.54	16.13

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97½	92¼	Aust. 5½pc '81-82	95¾	..	5.76	15.70
87½	83½	Do. 6pc 1981-83	86¾	−¼	7.14	14.99
67¼	58	N.Z. 7¼pc 1988-92	59¾	−¼	12.57	15.43
81¾	74	Do 7½pc '83-86	76¼	−¼	10.16	15.58
141	115	S. Rhod. 2½pc Non-Ass.	134	+2	—	—
61	43	Do. 3½pc 80-85 Assd.	54	+1	6.52	21.20
43	26	Do 4½pc 87-92 Assd.	34	+1	13.55	20.20
395	323	Zimbabwe Ann (£100pa)	330xd	....	—	23.94

LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int	Red.
		Public Board and Ind.				
64	57¼	Agric. Mt. 5pc '59-89	59¼	−¼	8.65	14.14
29½	23¾	Met. Wtr. 3pc 'B'	25	−¼	12.17	14.48
114	97	U.S M.C. 9pc 1982	100		9.33	—
97⅜	91	Do. without Warnts	95	+½	9.85	—
		Financial				
101½	94¾	FFI 14pc '83	95¾	...	14.62	16.33
93½	88½	FFI(UK Fn)5¾pcDb '80-2	92	.....	6.01	15.87
83½	77	Do. 6¾pcDb. '81-84	81	+½	7.98	15.30
93	84½	Do 10¾pc Uns.Ln. '86	87	......	12.47	15.70
92	80	Do. 11pc Uns.Ln. '88	84	.....	13.57	15.10
92	80	Do. 11¾pc Uns.Ln. '90	82½	.....	14.82	16.40
94½	78½	Do 12½pc Un. Ln. 1992	81	...	15.61	16.50
64½	54½	Do. 7¼pcADeb. '89-92	57	−1	13.27	16.10
62	51½	Do 7¼pcADeb. '91-94	52½xd	..	13.91	16.17
72½	60	Do. 9pc 'A' '91-94	61	+½	14.96	16.60
70	56½	Do. 8¾pcLn. '92-97	58½	+½	15.67	16.60
		Building Societies				
100⅛	98	N'wide 14¾pcBd11.8.82	99¼	......	14.86	—

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red Yield
95	58	Antofagasta Rly	70	−2	—	—
55	53½	Do. 5pc Pref	54	...	—	—
98	98	Chilean Mixed	98		3	13.08
28	14	Chinese 4½pc 1898	17	..	—	—
22	11	Do. 5pc 1912	13	.	—	—
18	8	Do. 5pc 1913	10	+½	—	—
16	9	Do. 5pc '25 Boxer	10	+½	—	—
94	76½	Denmark 13pc 2005	79¾	−¾	13	17.19
45	36	Greek 7pc Ass.	45	...	3½	18.04
42	33	Do. 6pc 28 Stb Ass.	42	......	3	17.22
35	30	Do 4pc Mixed Ass.	35	.....	2	15.80
52	38	Hung. '24 Ass	38	.....	2¼	17.47
97⅛	87	Hydro Quebec 15pc Ln 2011	90½	..	17.19	17.12
67	60	Iceland 6½pc '83-88	62	..	6½	16.10
102	81½	Do. 14½pc Ln. 2016	85	..	17.43	17.43
90¼	83½	Ireland 7¼pc '81-83	88¾	−¼	7½	16.48
79¾	64½	Do. 9¾pc '91-96	66¼	−¼	9¾	15.93
215	180	Japan 4pc '10 Ass	210	....	—	—
79	66	Do. 6pc '83-88	66	....	6	14.01
165	155	Peru Ass. 2007	165	..	5.22	17.94
96¾	79½	Pet. Mx 14½pc '06	83	..	14½	17.63
$79	$75	Turin 9pc 1991	$75	.....	9	12.00
DM90	DM87	Turin 6½pc 1984	DM87	....	6½	11.30
96	96	Uruguay 3½pc	96	....	3½	3.85

AMERICANS

1981 High	Low	Stock	Price £	+ or −	Div. Gross	C'vr	Y'ld Gr's
27⅝	24	AMF 5% Conv. '87	24	..	5%	—	13.1
16½	912p	Abbott Labs.‖	15xd	+½	72c	—	2.7
17¼	13⅛	Alcoa $1	13⅛	−⅛	$1.80	—	6.7
37⅜	16½	Amax $1	25¾	+1	$2.40	—	5.2
21¼	14	Amdahl	15⅛	.....	40c	—	1.4
27⅝	16⅝	Amer. Express $0.60	23⅜	−⅛	$2.00	—	4.7
26	15½	Amer. Medical Intl. $1	22⅛	+⅛	64c	—	1.6
14⅜	11¼	Bank America Corpn.	12⅝	..	$1.52	—	6.7
18⅝	12⅛	Bankers N.Y. $10	17¾	+¼	$1.85	—	5.8
36⅝	22¼	Bendix Corp. $5	29	+⅛	$3.00	—	5.8
14⅜	951p	Beth Steel $8	11¼	−¼	$1.60	—	7.9
[illegible]							

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

CHEMICALS, PLASTICS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	......	Q2.5c	—	3.5
41	14	ACM 20c	29	+2	—	—	—
21	10	Argosy Gold NL 25c	10	......	—	—	—
229	134	Bond Corp.	138	......	Q10c	2.3	4.5
112	70	Bougainville I Kina	81	−5	‡Q25.4c	1.0	‡
302	194	CRA 50c	206	−6	Q19c	1.7	5.6
25	10½	Canada Northwest	12	......	—	—	—
35	13	Carr Boyd 20c	17	......	—	—	—
415	43	Central Pacific	56	−4	—	—	—
35	9	Cons. Gold Min. N.L. 50c	9	......	—	—	—
47	13	Cultus Pacific N.L.	20	−1	—	—	—
68	22	Eagle Corp. 10c	35	+1	—	—	—
40	26	Endeavour 20c	26#	......	—	—	—
560	310	G. M. Kalgoorlie 25c	520	−15	Q32½c	φ	3.8
25	8	Great Eastern	9	......	—	—	—
185	80	Greenbushes Tin 50c	90	......	Q6c	1.9	4.1
275	140	Hampton Areas 10p	155	......	2.5	3.1	2.3
168	36	Haoma Gold N.L.	39	+2	—	—	—
85	20	Intl. Mining	25	−2	—	—	—
118	29	Jimberlana (50cFP)	32	......	—	—	—
15	10	Kalbara Min 20c	11	......	—	—	—
245	135	Kitchener NL 25c	180	−5	—	—	—
105	16	Leichardt Expln	16	−6	—	—	—
430	275	Meekatharra	380	−10	—	—	—
70	40	Metals Ex. 50c	49	−2	¶Q3c	φ	3.7
38	20	Metramar Min. 20cts	23	......	—	—	—
20	10	Mid East Mins. NL	11	−1	—	—	—
290	190	M.I.M. Hldgs. 50c	237	−8	Q15c	φ	4.0
21	7½	Minefields Expl. 25c	9	......	—	—	—
20	13	Newmetal 20c	16	......	—	—	—
69	40	Nickelore N.L.	40	......	—	—	—
204	149	North B. Hill 50c	168	−5	Q18c	φ	6.7
84	50	Nth. Kalgurli	77	−3	—	—	—
200	94	Nth. Mining Corp.	176#	......	◆—	—	—
122	26	N. West Mining N.L.	29	......	◆—	—	—
150	106	Oakbridge 50c	122	......	Q6½c	φ	3.3
185	90	Otter Expl. N.L.	100	......	—	—	—
188	116	Pacific Copper	118	−4	—	—	—
*423	140	Pancont'l 25c	146	+2	—	—	—
68	42	Paringa M&Ex. 5p	72	......	◆—	—	—
525	375	Peko-Wallsend 50c	415	+15	Q15c	—	2.2
43	16	Pelsart Res NL	17	......	—	—	—
120	58	Seltrust A	66	......	—	—	—
157	18	Southern Pacific	25	−3	—	—	—
100	40	Swan Resources 20c	54	+1	—	—	—
316	75	Vultan Mins 20c	80	−5	—	—	—
18½	8	West Coast 25c	10½	......	—	—	—
130	90	Westn. Cont 50c	95	......	—	—	—
335	227	Westn. Mining 50c	291	−7	Q14c	φ	2.9
27	14	Westmex	14	......	—	—	—
76	38	Whim Creek 20c	46	−2	—	—	—
101	26	York Resources	30	−2	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	8½	Amal Nigeria 1p	9	......	‡j6.0	—	—
300	210	Ayer Hitam SM1	210	......	‡Q205c	1.0	‡
210	98	Geevor	165	......	—	—	—
11	8	Gold & Base 12½p	9	......	—	—	—
660	475	Gopeng Cons.	475	......	‡30.0	1.8	‡
450	310	Hongkong	320	......	21.0	φ	9.4
160	110	Idris 10p	155#	......	‡9.0	0.8	‡
*29	10	Jantar 12½p	20	......	t1.5	4.0	10.7
98	63	Kamunting SM0.50	63	......	Q27½c	0.8	0.0
665	363	Killinghall SM1	490	......	‡Q66.7c	φ	3.1
114	88	Malay Dredging 10c	110	......	◆hQ38c	0.9	7.7
68	30	Pahang	32	+2	‡0.63	0.8	‡
118	90	Pengkalen 10p	105	......	3.5	0.6	4.8
380	290	Petaling SM1	290	......	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	......	—	—	—
225	185	Sungei Besi SM1	195	......	Q310c	1.1	35.9
185	90	Supreme Corp. SM1	90	......	¶Q15½c	φ	3.9
118	100	Tanjong 15p	100	......	3.5	3.7	5.0
90	60	Tongkah H. Tin (Sm)	60	......	Q23%	0.4	7.7
410	220	Tronoh SM1	220	......	‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	350	−5	‡Q45c	4.7	7.4

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	35	Anglo-Dominion	45	......	—	—	—
25½	13	Burma Mines 10p	13	......	0.75	0.9	8.2
330	85	Colby Res. Corp.	150	+5	—	—	—
330	200	Cons. Murch. 10c.	270	......	tQ30c	1.8	6.4
10	6	††Explaura Gold	10	......	—	—	—
98	47	††Hemerdon 10c	62	......	—	—	—
180	65	Highwood Res.	100	+5	—	—	—
505	260	Northgate C$1	310	......	—	—	—
633	372	R.T.Z.	500	−7	16.0	2.3	4.6
£130½	£93½	Do. 9½% Cv.Uns.Ln. '95-2000	£109½	−2	Q9½%	—	f8.9
103	13	††SPO Minerals 10p	26	......	—	—	—
47	20	Sabina Inds. C$1	25	+3	—	—	—
44	21	††S'west Cons. 10p	26	......	—	—	—
585	465	Tara Expln. $1	550	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable: bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ♰ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♰ Not comparable.
- ♰ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	41	......	Conv. 9% '80/82	£92	......
Bertrams	8	......	Nat. 9¾% 84/89	£68⅝	......
Bdg'wtr. Est. 50p	405	......	Fin. 13% 97/02	£72⅝	......
Craig & Rose £1	£13	......	Alliance Gas	45	......
Finlay Pkg. 5p	23½	......	Arnott	212	......
Graig Ship. £1	£20½	−½	Carroll (P.J.)	75	+1
Higsons Brew	63	......	Concrete Prods.	90	......
Holt (Jos) 25p	515	......	Heiton (Hldgs.)	26	......
I.O.M. Stm. £1	148	−2	Irish Ropes	42	......
Pearce (C. H.)	800	+60	Jacob	65	+1
Peel Hldgs.	105	+3	T.M.G.	16	......
Sheff. Refrshmt	90	......	Unidare	60	......
Sindall (Wm.)	190	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	18	Vickers	18
B.S.R.	7	"Imps"	5	Woolworths	5
Babcock	9	I.C.L.	4	**Property**	
Barclays Bank	36	Ladbroke	13	Brit. Land	7
Beecham	17	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	30
Boots	18	Lloyds Bank	28	MEPC	20
Bowaters	19	"Lofs"	3½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	28	Lucas Inds.	18	Town & City	2¼
Brown (J.)	8	"Mams"	11	**Oils**	
Burton Ord.	12	Mrks. & Spncr	10	Brit. Petroleum	28
Cadburys	8	Midland Bank	26	Burmah Oil	11
Courtaulds	5½	N.E.I.	8	Charterhall	6
Debenhams	7	Nat. West. Bank	30	KCA	12
Distillers	17	P & O Dfd.	10	Premier	6
Dunlop	7½	Plessey	26	Shell	28
Eagle Star	25	Racal Elect.	34	Tricentrol	25
F.N.F.C.	3½	R.H.M.	5	Ultramar	40
Gen. Accident	30	Rank Org. Ord.	18	**Mines**	
Gen. Electric	55	Reed Intnl.	25	Charter Cons.	21
Glaxo	28	Sears	5	Cons. Gold	40
Grand Met.	16	Tesco	5½	Lonrho	7
G.U.S. 'A'	44	Thorn EMI	30	Rio T. Zinc	45
Guardian	30	Trust Houses	15		
G.K.N.	12	Tube Invest.	18		
Hawker Sidd	25	Turner & Newall	10		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES
Wednesday October 14 1981

U.S. EXPANDS MILITARY SHOW OF STRENGTH

Egypt exercise is upgraded

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. is planning to upgrade sharply its forthcoming military exercise in Egypt to demonstrate its ability to come to the aid of its friends in North Africa and the Middle East.

Pentagon officials said yesterday that while no final decisions have been taken, options under study could spread the land, air and sea manoeuvres over thousands of miles and involve the forces of Egypt, Sudan, Somalia and Oman.

Two factors are behind *Washington's decision to stage* a major show of force in the area. The U.S. Government feels that the strongest possible *backing must be given to Mr* Hosni Mubarak, the Egyptian president-designate, following the assassination last week of President Anwar Sadat.

At the same time there is heightened concern in Washington and among U.S. allies in the region over the activities of Col Muammer Gadaffi, the Libyan leader.

President Numeiri of Sudan has also warned that his country is in danger of invasion by Libyan forces from neighbouring Chad and is already suffering internal disruption by *Libyan agents.*

The Reagan Administration, which has always been obsessed with Colonel Gadaffi, is particu*larly concerned* by the tripartite pact between Libya, Ethiopia and South Yemen, signed in Aden in August. United States officials say that the forthcoming "Bright Star" *exercise is specifically designed* to show the power of the U.S. and its allies in the region as a counterweight to the pact.

Among the possibilities under active consideration are plans to land marines from amphibious assault craft, backed by local troops, in Somalia and Oman and drop paratroopers from the 82nd airborne division into western Egypt.

Sudanese troops are likely to join Egyptian and U.S. forces on manoeuvre in Egypt's western desert near the Libyan border. The Pentagon has set no firm date for the exercise, which could also include a non-stop round trip over Egypt by B52 bombers from North *Dakota. It is expected to start* next month.

● Violence in Egypt continued yesterday. Hours before the beginning of a national referendum formally to endorse Mr Mubarak as the country's new leader, Egyptian security forces arrested four people after a gun battle near the Pyramids. Later at least one man died as two bombs exploded at Cairo airport.

Bombs as Egypt votes for new leader, Page 6
Saudis call on Arabs to close ranks, Page 6

Carrington on Arab peace mission

LORD CARRINGTON, the Foreign Secretary and President of the EEC Council of Ministers, is to visit Saudi Arabia in an effort to develop a common approach with moderate Arab states in the search *for a Middle East* peace *settlement.*

EEC Foreign Ministers who endorsed the opening of a *dialogue with Riyadh,* agreed *in* London yesterday that the assassination of President Anwar Sadat of Egypt opened new opportunities for the Community to pursue its peace objectives in the Middle East.

These are aimed at securing mutual recognition between Israel and the Palestine Liberation Organisation as a means of laying the basis for a comprehensive peace settlement.

Saudi Arabia and Crown Prince Fahd have become the focus of EEC attention since August, when the Prince *declared eight principles for* an Arab-Israeli peace settlement.

EEC ministers regard *several of these principles* as unacceptable but the one which declares that "all states in the region should be able to live in peace" is seen as an expression of willingness to recognise Israel's right to exist.

Jordan so far has reserved its position on the Fahd principles, but they have been endorsed *by Saudi* Arabia's five partners in the newly formed Gulf Co-operation Council.

Discussing his mission, which will take place in the next two to three weeks, Lord Carrington said: "We can't go along with all the principles but one of them is recognition of the State of Israel and this is one of the two principles of the EEC's Venice Declaration."

***With the* U.S. still apparently unable to develop an alternative to Camp David the Ten believe that the *EEC's main effort should be* to develop a common approach with moderate Arabs aimed at *achieving conditional Israeli-Palestinian* recognition.**

First, however, Lord Carrington has to establish whether the Saudis are prepared to be flexible on their eight principles.

Thatcher's critic wins Nobel

By William Dullforce in Stockholm

THE Royal Swedish Academy of Sciences yesterday awarded the 1981 Nobel Prize for Economics to Prof James Tobin, 63, of Yale University.

An adviser to the late President Kennedy and more *recently a critic of Britain's* monetary policy, Prof Tobin wins the SKr 1m (£98,600) prize for his "analysis of financial markets and their relation to expenditure decisions, employment, production and prices," the academy said in its citation.

It added that few living economists could be said to *have gained so many* followers or exerted such influence on contemporary research.

The academy singled out Prof Tobin's "portfolio selection theory," which explains how individuals and companies determine the composition of their real and financial assets and simultaneously incur debt.

He expanded this theory by analysing the mechanisms by which changes on financial *markets affect the spending* decisions of households and companies.

His studies on this classic economic issue constituted "a major breakthrough in the integration of real and financial conditions in central economic theory," the academy said.

Prof Tobin's work on this issue inspired much research in the 1970s on the effects of monetary policy, the implications of government budget deficits and stabilisation policy in general.

Prof Tobin criticised Britain's monetarist approach when he gave evidence last year to the House of Commons Treasury and Civil Service Committee inquiry into monetary policies. He consistently has countered the theories of Prof Milton Friedman.

Profile, Page 3

Growth in key sectors points to recovery of industrial output

BY DAVID MARSH

INDUSTRIAL OUTPUT has stabilised in the last few *months after recovering in the* summer from the May low point of the recession, according to figures published yesterday by the Central Statistical Office.

The figures back up the Treasury's claim that the worst of the recession is over. There have been encouraging increases in production during the last few months in industries such as chemicals and metal manufacturing, which normally pick up ahead of a general recovery.

But doubts about the strength of the upturn persist, especially since the incipient rise in pro*duction almost certainly* has been slowed over the last month by the sharp rise in interest rates.

The Central Statistical Office reported yesterday that the output of manufacturing industry, which has been particularly hard hit by the downturn, rose 1.9 per cent between June and August, compared with the previous three months.

The rebound follows two years of almost continuous falls. The seasonally-adjusted index of manufacturing production in *August—up 0.4 per cent com*pared with July to 90.0 (1975=100)—was still at its lowest level since the fourth quarter of 1967.

Total industrial output, in which manufacturing accounts for about 70 per cent, was 0.1 per cent lower in August than in July, with the index falling to 99.4.

All-industries *output, after* remaining roughly steady during the latest three months, was 0.7 per cent higher during *this period than in March to* May.

Excluding North Sea oil and gas output, which has fallen recently, the all-industries index rose 1.0 per cent between the two three-month periods.

Apart from the sluggishness *of the energy sector,* the continuing fall in construction activity is the other reason why all-industries output has been *less buoyant recently* than manufacturing production.

All-industries output in the latest three months remained 5.5 per cent below the figure in the same period last year. The fall in manufacturing was 6 per cent.

Between June and August, chemicals output rose by 7 per cent with metal manufacturing *up 2.8 per cent.*

Engineering output rose 2.2 per cent between the two three month periods, while textiles were up 0.6 per cent and food up 0.2 per cent.

John Brown secures £43m Soviet order

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

JOHN BROWN Engineering of Clydebank has won orders from the Soviet Union for the supply of turbine spares and equipment worth £43m.

This brings to £104m the total value of contracts John Brown has signed with Machinoimport, a Soviet state procurement agency, for the Siberia-Western Europe gas pipeline. The deal has an element of barter trading: *Machinoim* port will pay part of the cost in machine tools.

The pipeline is planned to be built by 1984 to carry 30bn cubic metres of Soviet gas each year to West Germany, France, Italy and other Continental *countries.*

John Brown had already signed an agreement to provide 21 gas turbines worth £61m for the project. The company will accept in part payment £6m-worth of Soviet machine tools, or about 10 per cent of the main turbines contract. Mr Graham Strachan, the group manager, said yesterday.

This trade-off probability was taken into consideration by John Brown when it drew up its price estimate for the turbines, Mr. Strachan said.

A *trading house will be paid* commission to sell the Soviet equipment. John Brown expects this fee to be less than 10 per *cent. and made suitable provi*sions in the original price estimates, it said.

The Soviet Union sought to *make part payment in equip*ment because John Brown, unlike other contractors involved in the pipeline project, is not based in a country which will eventually buy the gas.

But an element of barter is not uncommon in East-West trade. John Brown still has at its Clydebank works some Soviet machine tools dating from earlier deals.

The latest contract brings to 67 the number of turbines the Soviet Union has bought or ordered since 1974. Delivery of those for the Siberia-Western Europe pipeline will start next summer and continue until the autumn of 1983.

Continued from Page 1

U.S.

cent. Overdraft charges were left unchanged.

Commerzbank, the second largest West German commercial bank, cut its charges to commercial customers by a similar amount, but also announced a reduction by half a point in overdraft rates.

Dresdner Bank, however, only cut its charges to private customers—by half a point to 16 per cent—and left its commercial loan charges unchanged.

The decision to cut lending charges have come in the wake *of a steady decline in both long* and short-term interest rates in West Germany during the past four weeks, culminating in last *Thursday's announcement from* the Bundesbank, the central bank, of a 1 percentage point reduction in the "special *Lombard" rate at which the* central bank makes overnight credit available to the commercial banks.

In general, money costs have fallen by about 1 percentage point in the bond markets over this period. Three month money *is down from* 12.85 per cent to 11.5 per cent.

These declines have cut the banks' re-financing costs.

Continued from Page 1

Base rates

while Lloyds Bank cut its deposit rate by a similar amount to 13½ per cent.

Barclays took the opportunity to trim the planned increase in its home mortgage rate. It will now only go up by 1 percentage point to *15 per cent on* November 1, as opposed to the planned 15½ per cent.

Andrew Taylor writes: Yesterday's bank *base rate reductions* by Barclays and Lloyds were not sufficient to trigger a reduction in building society mortgage rates even if the other clearing banks followed suit, the Building Societies Association said last *night.*

Societies had already taken into account the posibility of general interest rates easing when they increased the recommended base mortgage rate to 15 per cent last Friday.

It is understood that societies would wish to see a fall of at least two percentage points in bank base rates before cutting their mortgage rates. *They* will also be watching closely for any further movement in bank mortgage rates.

Stevas warns Tories

Continued from Page 1

selves to making sure our pur*pose is understood. there will* be no question as to our final victory."

Mr St John Stevas, told the Tory Reform group, a pressure group on the left of the party, he feared an electoral catastrophe unless there was a change of direction which would take the Tories back into the centre ground of politics. He spoke of the party facing the "gravest challenge" in its history.

He declared more than once his loyalty to the Prime Minister. "Margaret Thatcher *enjoys* not only the confidence of the parliamentary party, but her courage and resolution still commands support even amongst *those who reject her* policies or have reservations about them . . . the leadership is not an issue."

Instead Mr Stevas spoke of *his "loyal dissent" and the* need for open debate.

In a powerfully argued speech he launched a clear and open challenge to Conservatives to advocate by every means a change in economic direction *that would give top priority to* a cut in unemployment.

One key reason for a change of policy in his view was to meet the challenge of the Social Democratic/Liberal alliance. The alliance now looked *like a credible alternative* which could emerge in the next Parliament to hold the balance of power, to constitute the largest single party or even with enough seats to form a government.

*In any of these events pro*portional representation was likely to be introduced, with the effect of perpetuating a left of centre consensus. In such a situation the Conservative Party would be isolated and likely to be consigned permanently to a position of right wing impo*tence.*

In the debate on Northern Ireland, Mr James Prior said he did not think it right at present to push ahead with the proposed Northern Ireland Council. But he did believe a *new momentum had to be found* and sustained.

"The ending of the hunger strike, the plight of the economy, the continuation of violence dictate that we have to act. We must show that we have the determination and understanding to help people overcome the legacies of history and to help people in every community to move forward . . . we simply must make some progress."

Rail strike to go ahead as talks on cuts fail

By Phillip Bassett, Labour Staff

NEXT WEDNESDAY'S one-day rail strike is to go ahead, leaders of the train drivers' union, Aslef, re-affirmed yesterday.

Their statement followed talks with British Rail aimed at securing a withdrawal of cuts in services.

Services to and from London's Waterloo station are expected *to be disrupted* again today by unofficial action. The Waterloo-City line is also likely to be halted.

At yesterday's *talks* in London, Aslef put forward two proposals: that the issue should be considered by all three railway unions, and *that* British Rail should withdraw the timetable changes which came into operation on October 5 and which Aslef claims are a threat to its members' pay and jobs.

The BR Board argued that falling demand forced a reconsideration of the services. Faced with a likely loss this year of some £140m, the board is seek*ing reductions in operating* costs of £20m to £25m, mostly through cuts in services.

Aslef claims the cuts, which are mainly off-peak, amount to a reduction of 8 to 11 per cent across the board. But individual regions could give no more than sketchy details yesterday of how the timetable changes would operate. Further cuts are expected next May.

Following a three-hour executive meeting which reaffirmed the strike decision, Mr Ray *Buckton, Aslef* general secretary, said he could see nothing that would allow the strike to be called off "unless something *could be pulled* out of the hat between now and then."

The Aslef executive will review its decision next week and may well call for further action of a similar nature for the future.

Mr Cliff Rose, BR's board member for industrial relations, said a strike would only exacerbate BR's difficult position. It would do nothing to help retain passengers and would be regarded by the public as "extraordinarily silly."

Within BR, there is a considerable fear that the strike will go ahead. It could result in a considerable loss for the board, which, *although it will* save fuel for the day, will still have to pay salaries to the two-thirds of its employees who are not Aslef members.

Almost the entire network would be halted, although some drivers mainly in the Midlands, are members of the National Union of Railwaymen. They would not be bound by the *Aslef* instruction, although they might well not cross any picket lines.

Weather

UK TODAY

SUNNY intervals with showers. Generally cold.

London, S.E. England, E. Midlands
Sunny, isolated showers. Max. 11c (52F).

E. Anglia, N.E. England, Channel Isles, S.W. England, S. Wales, E. Scotland
Sunny intervals, showers with more general rain later.

W. Midlands, N. Wales, N. Ireland
Sunny intervals with showers dying out later.

N.W. England, W., N. and N.E. Scotland, Orkney, Shetland
*Heavy showers locally becom*ing wintry on high ground. Sunny intervals.

Outlook: Showers, rain in south, night frost in north.

WORLDWIDE

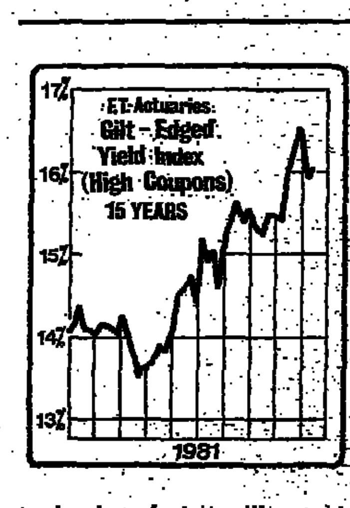
	Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	S	22	72	L. Ang.†	Cl	12	54
Algiers	S	28	82	Luxmbg.	C	7	45
Amsdm	R	9	48	Luxor	S	34	93
Athens	S	26	79	Madrid	S	24	75
Bahrain		—	—	Majorca	S	27	81
Barclna.	C	21	70	Malaga	S	22	72
Beirut	S	27	81	Malta	S	27	81
Belfast	F	8	46	M'chstr.	C	7	45
Belgrd.	C	11	52	Melbne.	S	26	79
Berlin	R	6	43	Mx. C †		—	—
Biarritz	Dr	15	59	Miami†	Cl	21	70
Bmghm.	F	10	50	Milan	S	21	70
Blackpl.	C	9	48	Montrl.†	Cl	−1	30
Bordx.	C	15	59	Moscow	C	13	55
Boulgn	S	10	50	Munich	F	8	46
Bristol	S	11	52	Nairobi	F	27	81
Brussels	C	9	48	Naples	S	23	73
Budpst.	F	13	55	Nassau		—	—
Cairo		—	—	Nwcstl	S	8	46
Cardiff	F	11	52	N.York†	Cl	7	45
Cas'b'ca		—	—	Nice	S	21	70
Cape T.	F	21	70	Nicosia	C	26	79
Chicg.†	Cl	8	46	Oporto	C	19	66
Cologne	R	8	46	Oslo	F	11	52
Cpnhgn.	F	11	52	Paris	F	12	54
Corfu	C	25	77	Perth	F	19	66
Denvert†	C	10	50	Prague	F	7	45
Dublin	S	9	48	Rykivk.	S	−2	28
Dbrvnk.	T	22	72	Rhodes	F	24	75
Ednbgh.	F	8	46	Rio J'o†		—	—
Faro	S	25	77	Rome	S	24	75
Florence	F	22	72	Salzbrg.	F	6	43
Frankft	C	9	48	S F'cisc†	C	9	48
Funchal	Dr	21	70	S. Moritz		—	—
Geneva	C	11	52	Singapr.		—	—
Gibraltar	S	22	72	S'tiago†		—	—
Glasgow	F	8	46	Stckhm.	S	9	48
G'rnsey	F	11	52	Strasbg.	F	6	43
Helsinki	F	9	48	Sydney	F	22	72
H. Kong	S	30	86	Tangier		—	—
Innsbrk	F	10	50	Tel Aviv	S	29	84
Invrnss.	C	4	39	Tenerife	S	25	77
I o.Man	S	9	48	Tokyo	C	23	73
Istanbul	S	16	61	T'ronto†	Cl	0	32
Jersey	F	13	55	Tunis	S	30	86
Jo'burg	S	21	70	Valencia	S	29	84
L. Plms.	S	24	75	Venice	S	17	63
Lisbon	S	24	75	Vienna	C	9	48
Locarno	S	19	66	Warsaw	C	7	45
London	S	12	54	Zurich	S	9	48

C—Cloudy. Cl—Clear. Dr—Drizzle. F—Fair R—Rain S—Sunny. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Sterling casts a shadow

Index fell 6.4 to 484.6



The decision by two of the clearers to cut base rates by half a point looks slightly surprising—and was certainly taken just as quickly as market conditions would allow. Rates at the very short end of the money market are only a tiny fraction below the level of October 1, when base rates were pushed up two points to 16 per cent. *It may not be a complete* coincidence that Barclays, which got the headlines for leading the way up, was first off the mark on the way down again.

One obvious worry is that sterling, which played a big part in the upward movement in base rates, is still looking distinctly soggy. This is causing some concern in the gilt edged market, where last week's excitement seems to have faded away for the time being. As a result the new tap stock is going to be left stranded when *applications close this morning.* The price always looked like a bit of a come-on, and now it appears downright expensive.

Sterling also left a mark on the equity market, and the FT Industrial Ordinary Index was registering an 11 points decline at one point before rallying a little towards the close. But the mark up did not come in time to take the weight off the underwriters to John Brown's *£25m rights issue, which closed* yesterday and does not look to have been a roaring success.

Tarmac

Tarmac has won the race for control of Hoveringham with an agreed offer of £40m which, on the face of it, looks generous. It is paying a premium of almost one-third over tangible net worth for a company which made only £1.8m after tax and minorities in 1980. The prospects for the current year are no better.

Tarmac may be able to reduce the goodwill by revaluing fixed assets and releasing deferred taxation, but the real question is whether it can make idle assets work much harder. It probably can. *Hoveringham's* net margins have been much the lowest in the ready mixed concrete industry for the past four years and Tarmac might be able to squeeze about £6m before interest out of the company even in 1982.

Hoveringham dovetails neatly with Tarmac's own operations. It is strong in sand and gravel, as well as in ready mixed concrete, areas which its new parent has been working hard to develop. And it will provide *Tarmac* with a *much needed* land bank in the Midlands.

By financing roughly half the acquisition through an equity placing, Tarmac has obviated the need for a full-blooded rights issue. Debt for the combined group, including hire purchase financing which is left out of Hoveringham's balance sheet, will probably total around *£100m at the end of this year,* compared with tangible net worth of roughly £200m. But shareholders may still be faced with a small degree of earnings dilution next year, which probably contributed to yesterday's 12p fall in the Tarmac share price to 346p.

Huntley & Palmer

Half-year figures from Huntley and Palmer—Associated Biscuit as was—are not very inspiring. Profits are up from £1.3m to £2.1m pre-tax, and the year as a whole could produce £9m or more compared with £7.2m in 1980. But food analysts had been hoping for a full recovery to 1979's £11.6m, and the group still seems to be *running* hard to stand still in some of its main markets.

Thus profits have slipped by a *tenth in the UK, in contrast to* the rise of nearly two-fifths reported by United Biscuits last month. The group's biscuit business claims to be holding market share and increasing profits, thanks in part to major cost reductions. By the end of 1981, the workforce will have been cut b about 30 per cent to the equivalent of 6,000 full timers in the space of two ears. But Smiths is being squeezed by intnse competition on the crisps side and the main improvement overseas stems from the closure of a lossmaker in Germany.

The unanswered question is whether the group has the resources to hold the line in its wide range of products against powerful competitors who are spending heavily to improve their cost advantages, and are holding selling prices down. Next year brings *the start of* major rationalisaion at Smiths. Meanwhile, the shares will continue to need the support of a high dividend *yield.*

Unigate

In Casa Bonita, Unigate is buying a U.S. fast food chain with a strong growth record over the last three years. The purchase price of $32.5m is not outrageous by the standards of this type of deal; it represents about 2½ times net assets and an exit p/e of about 10. But Casa Bonita is a very small fish even in the subcategory of Mexican fast *food, and the competition is* tough. The W. R. Grace operation Del Taco has run into trouble, and the Pepsi Cola off*spring Taco Bell is planning* a big advertising onslaught. At least Unigate has retained the management that built up Casa *Bonita.*

There are more acquisitions in the U.S. to come. After all, Unigate did not introduce itself to the U.S. commercial paper market just for this deal. Yet the strategy is puzzling. Two years ago Unigate was awash with cash from the sale of its creameries. Since then it has spent perhaps £60m on its dull *existing meat and dairy busi*nesses and a further £40m-plus on diversifying into Giltspur and new U.S. fast food. So a company which had the opportunity to reshape itself radically has come through the period looking remarkably unchanged — as was the share price yesterday, at 88p.

Argyll/Linfood

Technicalities come expensive these days, especially where *takeover deals are concerned.* Argyll Food's bid for Linfood is the latest example, with advisers on each side crossing swords over whether *Linfood's* shares were to be bought cum the final dividend, as the initial announcement stated, or ex as purchases in the stock market implied. Rothschild's clarification last night (that it was ex dividend) was highly dignified—and worth 6.5p net per share to Linfood shareholders.

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